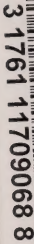


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Customs and Trade Administration *Blueprint* A Discussion Paper

Autumn 1998



Protecting Canadians and Enhancing
Competitiveness of Canadian Business

Minister's Message



The Honourable Herb Dhaliwal

As Canadians face the opportunities and challenges of the coming years, more than ever they value economic prosperity and stability, health and safety, the environment, and effective, affordable government. As a truly modern customs and revenue administration, Revenue Canada holds the same values and is committed to ensuring the economic and social well-being of all Canadians. A major factor in this is the management of our customs and trade administration program, which facilitates business in the global market-place while protecting the integrity of our borders.

Canada's customs and trade administration has always played a prominent role in government, continuously evolving to reflect changing patterns in trade and travel. Today, we are adapting to a new atmosphere of globalization and competition. To ensure that we continue to provide only the best service to travellers and traders, we are improving the way we deliver our customs and revenue programs.

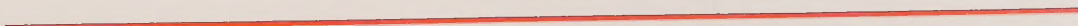
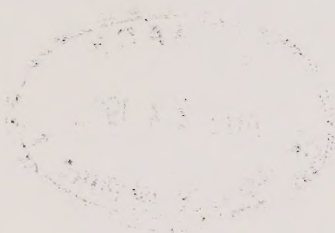
In 1990, Revenue Canada produced *Customs 2000: A Blueprint for the Future*, an important milestone in our evolution. It precipitated an unprecedented period of consultation and re-engineering involving national importing and exporting organizations, focus groups, the tourism industry, other government departments, broker and carrier associations, law enforcement agencies, staff, and unions. The lessons we learned proved invaluable in showing us how to improve our program. As a result, we are finding better ways to serve our clients; expand the use of technology; implement more efficient and effective risk assessment procedures; treat our clients more equitably; and facilitate trade and travel processes through partnerships.

Such improvements, which would not have been possible without you—our travellers, traders, stakeholders, and staff—will guide us in our delivery of the customs and trade administration program as we move to agency status. The new Canada Customs and Revenue Agency will give us still more opportunities for partnerships that will help us eliminate duplication and make our services more efficient and affordable.



Broad transformations are taking place, both within the Department and on a global scale. This discussion paper outlines our vision of service for the future. We would like you to read and evaluate it so that you can help us determine our new direction. The best way to keep up with change while meeting the needs of all Canadians is to work with our clients and stakeholders and listen to their views. With your input, we can ensure that Canada continues to prosper and thrive in the years to come.

Hesh Dhalwot



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Foreword

Looking Back

Although change has always been a way of life for customs and trade administration in Canada, nothing has been quite as dramatic as the transformation seen in this decade. By the end of the 1980s, globalization was undeniably the new economic order. International agreements continued the steady decline of global tariffs, and economic interdependence of nations precipitated a growing number of regional trading blocs.

In 1989, Canada and the United States signed the Free Trade Agreement (FTA), quickly followed by the multilateral North American Free Trade Agreement (NAFTA) two years later. Recent agreements with Israel and Chile will undoubtedly be followed by others being negotiated in the Americas and beyond. This turn of events has had a profound effect on our program. With a foundation firmly grounded in the duty structure, which originated in colonial times, it was clear that changes were needed for us to manage the complexity of trade agreements.

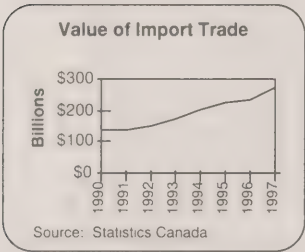
Other international involvement in such forums as the World Customs Organization (WCO) and the Asia-Pacific Economic Cooperation (APEC) have also had a dramatic effect on how we deliver our program. In the past we had control over our processes, while now we are part of a bigger community of countries bound by international conventions, and working together to harmonize and standardize processes to facilitate trade on a global scale. Moreover, the G7 and the Organization for Economic Cooperation and Development (OECD) countries, which traditionally had focused on tariffs, also began to see harmonized, simplified, and integrated processes as key elements to trade facilitation.

Since the United States of America is our biggest partner in trading and travelling, cooperative efforts such as the Open Skies Agreement and the Canada/United States of America Accord on Our Shared Border changed and continue to change how we do business. Recognizing that many of the challenges arising from globalization are shared, Canada and the United States work together to consider new ways of managing the border between the two countries, facilitate the movement of people and goods, and further enhance protection against illicit cross-border activity.

At the same time as we were dealing with external challenges, we were confronted with major challenges within the Government of Canada and, indeed, within Revenue Canada. Faced with pressures of debt and deficit reduction, the Government began a period of program review and transformation in the Public Service of Canada to reduce program spending. The 1990s saw the integration of the tax and customs organizations into an integrated portfolio. Joining the two Departments has yielded substantial

savings and enabled us to consolidate common functions. As well, the customs border services and trade administration branches were amalgamated, thus merging the customs business lines, and positioning us to improve our ability to deliver a seamless, fully integrated program. All of this has been happening in the context of plans to move the Department to agency status for even more effective overall customs and revenue service.

The Environment – More People, More Goods



As the 1990s progressed, volumes of trade continued to increase, putting an enormous strain on existing processes and systems. Commercial import entries into Canada rose from 8.4 million in 1986, to 10.1 million in 1996, an increase of almost 20%. The value of import trade continued to increase and by the end of 1997 had reached a total of \$271.5 billion.

Travellers by Mode

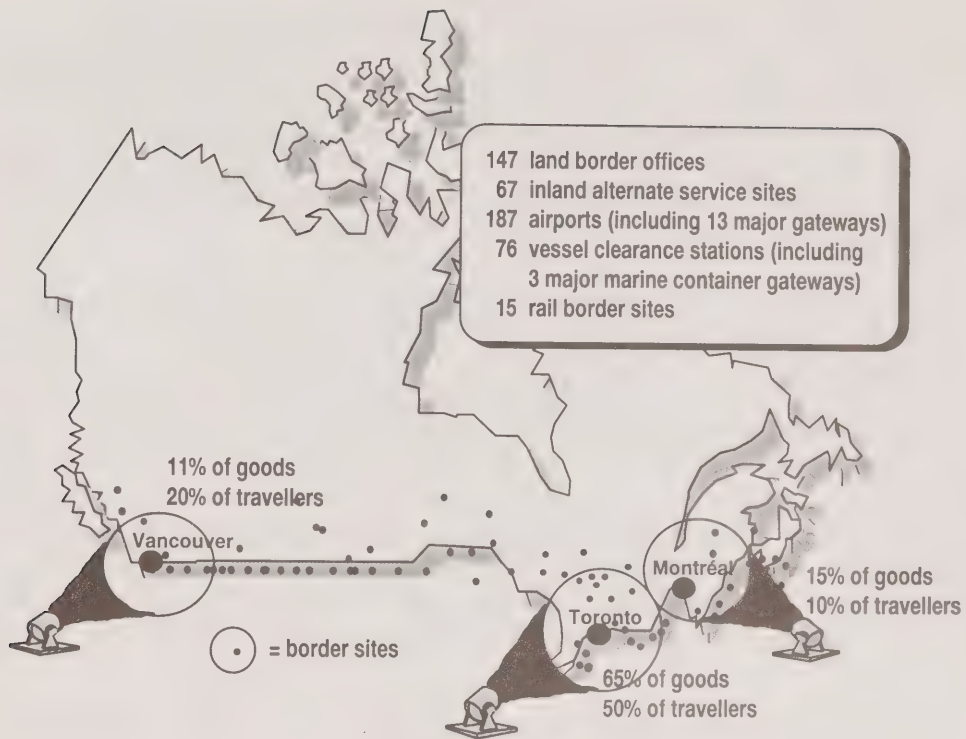
Car/Truck	84.9 M
Bus	3.3 M
Train	.2 M
Air	17.0 M
Sea	1.4 M
Pedestrian / Other	1.3 M
TOTAL	108.1 M

Source: Statistics Canada

By 1997-98, the number of travellers to Canada had reached approximately 108 million, compared to approximately 90 million in 1987. However, the cross-border shopping phenomenon experienced in 1991-92, was an exception. That year, the number reached almost 128 million, 70% of whom were returning Canadians. Over the last 10 years, more and more visitors have come to Canada, with 50.5 million visitors in 1997-98—the highest number this decade.

Although Canada has more than 8,800 kilometres of border, most shipments and travellers arrive through a few major transportation arteries. Toronto, Vancouver, and Montréal (Dorval) international airports handle 86% of all air traffic. Likewise, the \$600 billion worth of import and export trade activity is concentrated in a few select border locations, international airports and seaports. This means that tourists are in the same lines as returning Canadians and, in the case of the land border, in the same lines as trucks carrying imports crucial to the success of Canadian business. Managing this clogged-artery syndrome is one of the main drivers for change to our program delivery.

Customs Service Locations



How We Have Responded

In response to the growing demands from travellers and businesses for a customs program that was more responsive to the changing environment and their needs, Revenue Canada published *Customs 2000: A Blueprint for the Future* in 1990. Customs 2000 set out Revenue Canada's vision of how its customs organization would operate into the next century. The 1990s became a decade of trial and error, consultation, and self-examination. We developed and tested ground-breaking initiatives and received international recognition as being on the leading edge of customs modernization. Even though we were venturing into uncharted territory, we accomplished a great deal in meeting the direction and priorities that were embodied in the Customs 2000 paper.

We have made major inroads to streamlining the movement of low-risk commercial goods and travellers with the increased use of electronics and pre-arrival processing. With the help of our clients, we developed new programs such as CANPASS, and technological solutions such as the Accelerated Commercial Release Operations

Support System (ACROSS), which are now the centre-pieces of our modernized customs administration.

Since its introduction in 1995, CANPASS has made great strides in streamlining cross-border travel. Beginning with the Peace Arch Crossing Entry (PACE) program, which was implemented to respond to cross-border shopping in British Columbia, CANPASS has evolved to include highway, marine, and air modes of travel. National telephone reporting for boats and planes included 450,000 travellers entering Canada in 1997. In the last three months, CANPASS-Highway in one location in Southern Ontario has resulted in a 22% increase in total CANPASS participants.

Line release options for clearing goods, such as the Pre-Arrival Review System (PARS) and the Frequent Importer Release System (FIRST), were introduced in the early 1990s. Both options provide for expedited release—PARS based on information received in advance, and FIRST based on risk profiles of commodities and importers. In support of the new way of doing business, ACROSS was introduced in 1996. ACROSS is the electronic data interchange (EDI) platform designed to allow electronic transmission of trade data including release data, invoice data, and cargo data for the rail and marine modes of transportation. With the advent of ACROSS, commercial service was enhanced as it permitted service 24 hours a day, seven days a week. In addition, the implementation of ACROSS provides for an electronic commerce-based single window for commercial shipments affected by the requirements of other government departments.

Complementary to the developments in release processing, the Department moved from transactional review of trade data to comprehensive periodic verification. At the core of periodic verification is a client-centred focus that treats clients as entities and evaluates their business as a whole. This is quite different from how we have done business in the past, where we were driven solely by commodity review (transaction by transaction).

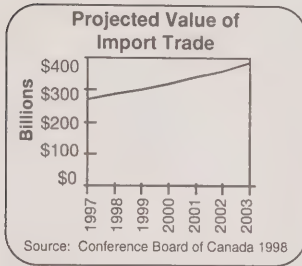
Significant results have also been achieved to further enhance enforcement. Major progress has been made in developing and implementing risk management using automated support tools, such as the Integrated Customs Enforcement System (ICES) and the Primary Automated Lookout System (PALS). As well, flexible response teams and the Marine Centre of Expertise in Halifax were created, both of which have made major contributions to improving our ability to detect and interdict contraband.

While these are just a few of the highlights, overall the Department made significant progress in meeting the objectives set out in the Customs 2000 paper. However, we have not accomplished everything we set out to do. International agreements, changing priorities, and budget constraints have been major contributing factors to concepts and initiatives being delayed or rethought. So, we have unfinished business yet to complete. Initiatives—such as EDI adjustment, pre-arrival processing for air travellers, integrated

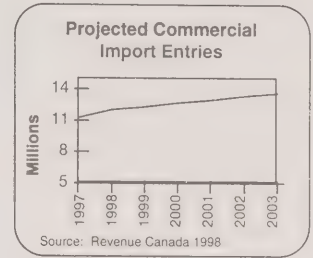
accounting, and an administrative monetary penalty system—all have to be factored into the future plan.

Looking Forward

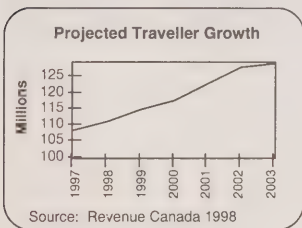
The future holds challenges as significant as the ones we faced in the 1990s.



We project that, by the end of the 1990s, there will be an average of 10 million commercial import entries annually. It is expected that this increase will continue and that volumes will rise to approximately 13.6 million commercial import entries by 2003.



Although it is important to keep in mind that travel is sensitive to economic conditions, tourism is the fastest growing sector in the Canadian economy. As a result, the tourism industry is looking to the Government, and to us in particular, to make crossing the border as simple and friendly as possible for tourists. This is crucial to Canada's competitiveness in the world market.



Given the trends for travellers, it is projected that by 2003, 123 million travellers will be entering Canada. Recent forecasts suggest that tourism from the United States will continue to increase by approximately 2% per year. With the opening of casinos at a number of border locations, there has been an increase of 5% to 18% at international airports and 10% to 13% at major border crossings. Similarly, tourism volumes from Europe are expected to grow by 9% in the foreseeable future, and by as much as 20% annually from the Asia-Pacific region.

We face these projections knowing that resources are static at best and decreasing at worst. In 1997-98, government program spending accounted for only 12.4% of Canada's gross domestic product (GDP), compared to 16.6% in 1993-94. Program spending will continue to decline relative to the size of the economy. It is projected to fall to 11.5% of the GDP in 1999-2000—the lowest level in 50 years.

Even in this climate of cost restraint, however, the Department is determined to maintain high service levels and is uncompromising in its mandate to protect Canadians. Our success is predicated on Revenue Canada working in concert with other government departments that play a key role in the clearance of people and

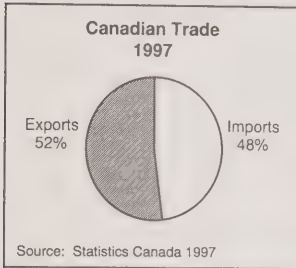
goods. What this means is that we will have to work smarter and use every opportunity at our disposal to increase productivity and effectiveness. Although re-engineering and the synergy of partnerships have taken us a long way, we are now at a crossroads where we have to make some difficult decisions.

We have kept an unrelenting pace over the past several years to meet the challenges of our environment and deliver everything we believe our clients, stakeholders, and staff want. However, we are faced with the reality that we may not be able to do everything we have set out to do. Our clients and staff are telling us we may be going too fast and that they need a breather from all the activity and the rate of change. It is time to take stock, to consider where we have been and, together, decide what the best course of action is for all concerned. This is the purpose of this discussion paper: to set out the big picture for our clients, stakeholders, and employees, and to provide a common ground for working together on an action plan for the future. We have some choices to make in terms of program development—what should be included and what are the priorities.

This is an important milestone in the evolution of customs and trade administration. It represents a point where critical decisions are going to be made collectively about where both the Department and clients are going to make commitments for investment. We recognize that the needs and priorities of our client groups will differ and sometimes conflict. The greatest challenge ahead will be to select those priorities and make the choices that have the greatest return overall. Our goal is to continue to deliver a strong customs and trade administration program that is consistent from coast to coast.

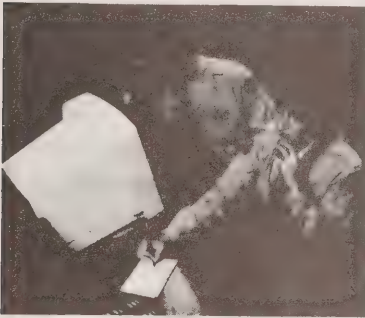
Part 1 – Introduction

Customs and Trade Administration Mandate



Our organization implements and administers Canadian laws that govern international trade and travel. As such, we continue to emphasize service in the way we do business. In today's global village, business needs certainty from governments in order to remain competitive. Travellers—business and tourists—need efficient, courteous, and helpful service at the border. Every shipment or traveller moving across our international border requires a clearance process

that is quick, easy, friendly, and unobtrusive. This is a major challenge, given that we are also responsible for protecting the values that exemplify Canadian society. As the first line of defence against undesirable people and goods crossing the border, we have the important responsibility of protecting Canadians' health, safety, economic prosperity, and sovereignty.



Implications of Our Mandate

It is Revenue Canada's responsibility to manage the nation's borders within the spirit and intent of Canadian laws, values, and culture. However, we cannot operate alone. Other areas of government, such as Citizenship and Immigration Canada, the Canadian Food Inspection Agency, the Department of Foreign Affairs and International Trade, and Statistics Canada, are critical players in the process. Collectively, our border management role plays an important part in maintaining the well-being of Canadians. Enhanced trade and tourism benefit the Canadian economy and are essential to jobs and growth. Meanwhile, protecting Canadians against illegal goods and inadmissible people is crucial to ensuring safer homes and streets and a healthy environment. Business also relies on health and safety standards that make Canada a credible supplier and a good location for investment. These are important responsibilities that we take very seriously, but fulfilling our mandate

requires the engagement of all parties—government, clients, and stakeholders.

We will make every effort to provide our business and travel clients with the information, processes, and incentives they need to comply with the law. However, we must effectively, responsibly, and fairly ensure that there is respect for, and compliance with, the law by:



- ◆ determining the risk posed by people and goods before they arrive at the border;
- ◆ carrying out all examinations for contraband and health and safety reasons at the first point of arrival;
- ◆ providing our staff with the training, authority, and tools to ensure compliance; and
- ◆ applying appropriate sanctions where the laws and regulations have been broken.

Our clients have responsibilities as well. Under Canadian law, everyone involved in the customs and trade process—including travellers, traders, and agents—is responsible for:

- ◆ complying with Canadian laws;
- ◆ providing accurate, complete, and timely information;
- ◆ being aware of their obligations and rights under Canadian laws; and
- ◆ paying applicable duty and tax.



In the face of continuing environmental pressures, we have been responding to immediate needs, while conducting extensive consultations, and this has become a way of life for customs and trade administration. Consultations and self-reviews during the 1990s have involved a vast number of people in the change process, including national importing and exporting organizations and associations, focus and survey groups, the

tourism industry, broker and carrier associations, police and law enforcement agencies, staff, and unions.

From what we have heard, we believe that our clients want:

Simple and consistent service. Both traders and travellers want customs services that facilitate compliance and are standard across the nation.

Equal competitive advantage. Traders and travellers want assurances that the rules are applied consistently and that no one has an unfair advantage.

Safe homes and streets. Canadians want a customs administration that allows freedom of trade and travel while preventing the entry of people and goods that would threaten their health and safety.

More certain international trade and travel. Business clients and the public at large want customs policies and procedures that bring more certainty to trade and travel so they know what to expect and can make better decisions.

Our Commitments for the Future

In response to demands that we continue providing a world-class customs and trade administration, we have developed the following four commitments. We believe these will help us organize and deliver our services and meet the needs and expectations of our clients and stakeholders. Although we are confident that there will be agreement, in general, with the value of these commitments, we want to listen to the reaction of our clients, stakeholders, and staff. We are open to changes that will be in the interest of all concerned.

- ① **We will continue to improve service.**
- ② **We will ensure that business and travellers play by the rules.**
- ③ **We will intensify our efforts to stop illegal activity and threats to health and safety.**
- ④ **We will promote certainty and consistency for exporters and for Canadians travelling abroad.**

Part 2 – Our Commitments to Our Clients

Commitment 1: We will continue to improve service.



What do we mean by improving service?

The Department wants to provide the tools, service, and assistance needed to deal with the changing nature of compliance and enhance the ability of our clients to comply. Traders may think that compliance with Canadian laws governing the movement of goods should be easier now that trading is often duty free. In fact, compliance has become more complex, because traders now have to meet conditions of trade agreements and other domestic incentive programs to receive the preferential or duty-free rates.

We understand that, for travellers, the issue is not the complexity of the applicable laws but the burden of inconvenience. When we say “improve service” for travellers, we mean “making the process more convenient”.

How will we improve service?

1. Providing clearer, more timely information

We will make information readily available and understandable. Compliance is easier if clients or their agents have the information they need to understand the full range of their entitlements and responsibilities. With all the complexities in customs and trade administration today, one of our challenges is to describe the law to our clients in a clear and uncomplicated way.

We know that we cannot simply issue decisions without explanation. We need to ensure that if clients have a problem or question, we are there to respond quickly and completely. We must be readily accessible, not only for our clients’ regular shipping or travelling needs, but also when they have a complaint or want to appeal a decision. If you need information or want to make a complaint, you need to know how to get in touch with us, who can inform you of your rights, and what can be done to correct a situation.

2. By offering choices and convenience

Through our risk management system, we can identify higher-risk areas among clients, industry sectors, and trade and traveller chains. This allows us to offer better service and choices that will minimize intervention and inconvenience for low-risk clients. Clients can help reduce their risk assessment level by instituting procedures and security measures to satisfy the Department that all goods are properly accounted for and that there is no tampering at a plant or during transportation.

3. By renewing our commitment to consistent and accessible service

Most Canadians will voluntarily comply with customs requirements if there are adequate information services available to them. We are, therefore, committed to providing consistent, accessible, value-added services that will sustain public confidence and promote compliance as a good personal or business decision. The concept of client service has long been a cornerstone in our philosophy, and it continues to drive and influence the administration of customs and trade legislation. Clients need to have a reasonable expectation that they will be treated equitably and consistently, regardless of where they choose to do business with customs.

Commitment 2:

We will ensure that business and travellers play by the rules.



What do we mean by playing by the rules?

Playing by the rules means that no one should be disadvantaged by the non-compliance of others. This commitment does not apply to the more extreme type of non-compliance, which is deliberate, illegal (e.g., dealing in contraband), and a threat to the health and safety of Canada's citizens. What we are talking about are violations of customs legislation whereby traders or travellers—either wilfully or unintentionally—do not provide accurate information to Revenue Canada about the goods they are bringing into the country. This could mean, for example, that commercial imported goods or travellers' purchases are not correctly classified, reported, or valued, or that they do not meet the commercial requirements (e.g., marking) of other government departments. We must ensure a level playing-field in terms of anti-dumping and countervail measures to protect Canadian business.

As Revenue Canada's mandate is based on voluntary compliance, we are committed to providing incentives that will encourage compliant behaviour. A good compliance record with Revenue Canada will be meaningful. Like a good credit rating, it will be a worthwhile investment. However, the Department is equally committed to balancing these incentives with deterrents for non-compliance in the form of meaningful consequences.

How will we ensure that business and travellers play by the rules?

1. By screening for high and low risk

We will use information from studies that monitor changes in the environment, as well as our client demographics, customs examinations, audits, client profiles, pre-arrival data analysis, and other risk assessment techniques. This way, we can determine the level and location of non-compliance—potential and real—and identify what is required to help clients meet their obligations.

2. By rewarding compliance

We recognize that there are costs associated with providing accurate and timely information to customs. Revenue Canada will make trading and travelling as quick and convenient as possible for those who make the investment in compliance, for example, expending resources on technology and consistently fulfilling their obligations under customs laws and regulations.

3. By penalizing non-compliance

The Department will deal with non-compliance fairly; however, it will be more costly to the perpetrator because our sanctions regime will apply penalties proportional to the frequency and severity of infractions.

4. By providing independent and appropriate appeal processes

To provide a fair method of redress, the Department will move from a limited informal review process to an internal administrative correction process to complement the independent and formal appeal process. Wherever possible, we will address issues within the Department to minimize both expense and the use of the courts.

Commitment 3:

We will intensify our efforts to stop illegal activity and threats to health and safety.



What do we mean by illegal activity and threats to health and safety?

Illegal activity means smuggling contraband—for example, illegal drugs, alcohol, and tobacco—or the unlawful entry of inadmissible people. This type of activity is deliberate, frequently motivated by profit, and in many cases criminal. Threats to health and safety include the illegal entry of dangerous chemicals or waste harmful to the environment, deadly viruses such as Ebola, or firearms. Although the entry of dangerous goods could be inadvertent, as travel and trade expand to more exotic countries with varying standards for health and safety, it is generally deliberate behaviour that no amount of client service will change. Criminals have become more sophisticated in their methods and more international in their scope. Canadians want and expect Revenue Canada to be diligent in detecting and stopping inadmissible people and goods at the border. They demand that customs officers be tireless in their efforts to ensure that Canada's families, communities, and economy are kept safe.

How will we intensify our efforts?

1. By strengthening our risk management system

We will continue to incorporate methods into our risk management system that more effectively identify higher-risk areas. Electronic linkages with enforcement agencies, networks with other customs administrations, prior compliance records, pre-arrival information gathering, and targeting techniques all have great potential for better risk management. In this way, we can concentrate our efforts on detecting and stopping high-risk illegal activity and threats to health, safety, and security in areas of greatest return.

2. By monitoring the links in the trade and traveller chains

There is a risk factor associated with each link in the trade chain, including the transportation mode, the routing of the shipment, the importer, the exporter, and the service providers involved. While the trader might not be involved, legitimate trade patterns may be used as a cover for illegal activity, and any one of these links could pose a contraband risk. There is also the possibility of illegal activity among the many parties involved in the traveller process.

3. By developing relationships with clients based on their overall interaction with the Department

As we move from a purely transactional environment to one with a client focus, we will have more flexibility in how we assess clients and their compliance records. We will consider all relevant information while building compliance relationships with our clients. Reputable traders trading with reputable companies will be given faster and more economical service. Frequent and known travellers with good compliance records will have access to services that will accelerate their trans-border activity. Those who do not comply will face penalties and could lose their privileges.

4. By getting the right information at the right time

Our effectiveness depends on detecting and stopping illegal activity and threats to health and safety at the border—or better still, before they reach the border. For this reason, the Department is focusing on getting pre-arrival information from travellers and traders so that there is sufficient time to assess the risks and act accordingly.

5. By working with partners to combat illegal activity

To stop illegal activity, we are working collaboratively with enforcement agencies, other customs administrations, and other government departments, both domestic and international. Illegal activity is no longer confined to domestic borders but is now a matter of international concern.

Commitment 4: We will promote certainty and consistency for exporters and for Canadians travelling abroad.



What do we mean by promoting certainty and consistency?

Promoting certainty and consistency means making customs processes more predictable worldwide. We want travellers to be able to enter other countries with the same ease with which travellers can enter Canada. We also want exporters to get their goods to foreign markets with the speed and convenience that foreign exporters enjoy when they ship their goods across our borders. In the global market-place, competitiveness is key to the success of Canadians. We have made great progress in moving people and goods easily and quickly into Canada. For the next few years we intend to increase our efforts to facilitate exports and travel abroad.

The intent here is not to duplicate, but to complement work being done in other government departments in order to help Canadians with international trade and travel information. Revenue Canada's role would be to act as a pathfinder in support of, for example, Industry Canada's ExportSource Web site (exportsource.gc.ca) launched by Team Canada. The site is designed to put a wealth of trade information in one easy-to-access location. As a full participant, Revenue Canada is supplying information on export reporting requirements and regulations.

How will we increase certainty and consistency?

1. By working with other governments and customs administrations

The Government is pursuing negotiations on trade agreements with other countries to enhance access to newly-established and developing markets. Revenue Canada is supporting this agenda by working to promote internationally harmonized and standardized customs processes so that traders and travellers can meet requirements more easily and economically. We are continuing to expand cooperative activities under the Canada/United States of America Accord on Our Shared Border to make travelling and trading with our biggest partner easier and more convenient. We are also working with other government departments and other customs administrations to facilitate the movement of imports and exports.

2. By informing our business and other travellers going abroad

While trade agreements are part of the Government's broad trade agenda, Revenue Canada has an important role to play in ensuring that our clients have the tools and information they need to reap the benefits of these agreements and clear customs as easily and quickly as possible in other countries.

Part 3 – What Does This Mean for Traders, Travellers, Stakeholders, and Revenue Canada?

Traders

Of our 158,000 commercial businesses, 13,000 account for 94% of the value of imported goods

The remaining 145,000 small and medium-sized enterprises account for 6%

Approximately 90,000 businesses export as well as import goods

Our clients are a diverse group ranging from small importers who import goods infrequently to larger ones who import high volumes regularly.

Helping importers get their goods into Canada quickly and easily will remain a high priority for Revenue Canada, but the growing number of clients who are exporters—a key group in Canada's economic development—will be of equal importance. Canada's GDP relies heavily on exports, which are also essential for the creation of jobs for Canadians. It is estimated that 11,000 jobs result from every \$1 billion in trade.

The Government's goal is to double the number of Canadian exporters by 2000 with emphasis on new small and medium-sized enterprise (SME) exports. Revenue Canada will follow suit and pay more attention to the exporter aspect of trading. This way we can do a great deal to help exporters get their goods abroad. Although we have made some progress in addressing the needs of exporters, there is much more we can do. We are eager to get input from our clients in this area.

Q: Are we providing the right information for all the levels of your organization?

Q: What have you found to be the most useful types of information from customs?

- Information sessions
- Personal contacts
- Internet
- Other

Commitment 1: Improving service

Providing clearer, more timely information. You or your agent must have the information you need to honour your obligations and to make sure you get all your entitlements. Because we recognize the challenge of keeping up with the changes and sorting out the increasing complexity of information, Revenue Canada is going to take every opportunity to come to where you are rather than having you come to us.

We will:

- ◆ use a variety of communication methods such as regular and informative mailings, and be more accessible through trade shows, seminars, and Web sites; and
- ◆ supplement the generic information we provide with tailored information. We want to ensure that traders can maximize the benefits of trade agreements or other domestic incentive programs. We also want to do everything we can to help clients clearly understand the requirements and avoid the consequences of non-compliance both for Canada and markets they hope to access.

Risk profiles will influence how traders are treated

Offering choices and convenience. Being able to assess risk is a major factor that influences how we treat clients. It frees us to give our low-risk clients more independence and customized service. Company information will be compiled into client profiles, which give the Department a more representative record of clients' trading patterns and the goods they import and export, and how they do business overall instead of on an individual transactional basis.

Technology will make the customs process more efficient

The Department's interaction with large business will be totally electronic in the future, including export and transportation data, as well as permit, certificate, and licence data. All large companies will have to provide the right information before the arrival of any shipment. This will permit targeting for contraband and health and safety reasons. Several service options will be available; e.g., companies will be able to complete the transmission in one step, or furnish only the mandatory data initially and complete the transaction later. In addition, companies that qualify will be able to file a consolidated trade report from their own business systems. Our plans for the use of technology are ambitious. However, we are aware of the limitations that could arise from the challenge of resolving year 2000 problems. We are working to ensure that this does not hinder our progress significantly.

Traders will also be able to:

- ◆ self-adjust their accounts with the Department; and
- ◆ have a single account based on their Business Numbers for all Revenue Canada programs, which would permit offsets of credits and debits within each program.

Q: As an SME, what are your concerns, if any, with the extent to which we will use technology? Does it go far enough?

For small business, there will be electronic and manual options.

- ◆ SMEs will have access to a range of payment and low-cost electronic service options, such as kiosks featuring touch-screen technology, with client-oriented assistance to help complete customs documentation.
- ◆ Processes, such as the completion of forms, will be simplified to better correspond to business needs.

One of the key ingredients in our risk management system is the use of pre-arrival data to make release decisions on goods before they reach the border. The pre-arrival data will come from registration information, client profiles, and advance electronic transmissions (mandatory for large business) from stakeholders such as carriers, freight forwarders, and importers. Based on analysis of this information by customs officers, low-risk goods will be given the green light, unless there is reason to inspect the shipment when it actually arrives.

Customs processes will be more convenient through Revenue Canada's collaborative efforts with other government departments to further integrate single-window service at the border. This would mean that instead of having to deal with many departments individually, traders would be increasingly able to meet immigration, health, and agricultural requirements through just one contact with Revenue Canada.

We will serve you where you are

Providing consistent service that is readily accessible.
Again, this means we are going to come to you.

- ◆ For large business, we are moving to an environment where service is concentrated near the company's head office location—a home region—rather than spread over multiple service centres based on where shipments enter the country. This means that most services will be provided by a single office for all the client's business.

- ◆ SMEs will also have access to a wider range of targeted electronic services over the Internet and personalized client-oriented services in customs offices.

Also on the drawing board is the concept of having dedicated groups of technical and policy experts who provide service to particular industry sectors. Where practical, they could be located near the core of the industry sector, providing closer linkages to local industry expertise.

Commitment 2: Ensuring that everyone plays by the rules

Screening for high and low risk. It is important to Revenue Canada that clients comply with the rules. Risk assessment will determine the low-risk areas where intervention is unnecessary and those higher-risk areas where monitoring, targeting, and examination are essential. This will apply whether compliance is revenue- or non-revenue-related.

An example is the reporting of trade data. Traditionally, customs collected trade data to calculate the amount of duty and tax owed to the Government. This data is the basis for trade statistics that are important for government and business decisions. Not valuing or classifying goods correctly was generally a way of avoiding or reducing duty or tax, which directly affected an entity's bottom line, or of circumventing requirements of other government departments.

Accurate trade data means reliable and credible trade statistics

Today, in an environment where duties are declining and goods are virtually duty free through our trade agreements, one might think that properly reporting goods does not really matter. However, compliance affects the bottom line directly or indirectly. It ensures the integrity of trade data and the collection of the goods and services tax (GST), both of which are of the utmost importance to business and Canada's economic well-being. Non-compliance in the reporting of trade data will constitute a higher risk factor.

Complete and accurate reporting of goods is important for:

- ◆ identifying high-risk shipments that could jeopardize confidence in Canadian industry (for example, the entry of tainted meat could adversely affect an entire sector for years);

- ◆ identifying inappropriate and harmful practices by foreign trading partners and making decisions on the use of appropriate trade instruments such as the *Special Import Measures Act* and safeguard actions;
- ◆ proper collection of GST, which is a key component of government revenue and critical to maintaining a level playing-field for domestic production and business as a whole;
- ◆ negotiations for trade agreements that benefit Canadian traders;
- ◆ the integrity of international trade statistics, which are key to investment and marketing decisions and identifying opportunities for Canadian and foreign companies;
- ◆ the national balance of trade figures, which influences the Canadian dollar and bank rates; and
- ◆ international confidence in Canada as a good place to invest.

Q: Are there other measures that would encourage a level playing-field?

Playing by the rules is also important for maintaining a level playing-field for business as the traditional barriers to trade decline. There is a continuing need for a safety valve to be used in exceptional circumstances to maintain the competitiveness of industries which may have no other means of protection in a tariff-free environment. Such safety valves make it possible for governments to liberalize their trade regimes, since selective protective action can still be taken where warranted through the use of internationally accepted trade instruments. One such instrument is the *Special Import Measures Act*, under which Canadian producers can file complaints regarding the dumping or subsidy practices of foreign countries and seek to have such matters investigated and remedial measures taken.

Rewarding compliance. Because high standards of voluntary compliance are a primary goal, we are committed to encouraging Canadians to honour their obligations. To do this we are intent on providing the more compliant clients with services and privileges that are relevant and profitable, thus outweighing any benefits for them from non-compliance. Advantages to compliance include reduced requirements for documentation and processes tailored to your operation and business cycle.

We are moving to a periodic verification environment

We are progressively moving from a transactional to a periodic verification environment for the purposes of trade compliance. Periodic verification reviews will be conducted systematically, covering all of a client's business transactions related to customs and trade administration for a period of up to four years.

This will significantly reduce our interference in day-to-day business and eliminate regular transactional reviews of trade data. This will also free you from constantly having to respond to our requests. It also implies a greater degree of responsibility for ensuring your own compliance.

Penalizing non-compliance. The Department will strengthen the current sanctions regime with an Administrative Monetary Penalty System (AMPS), which will provide a range of civil penalties to discourage non-compliance. AMPS will include a comprehensive list of fines and penalties to address a wider range of program needs, including sanctions for non-revenue compliance issues. Clients will be subject to a graduated range of penalties that will increase with the frequency and gravity of the infraction. Penalties will range from warnings and fines to more severe consequences such as loss of licences, and they will be proportional to the compliance history of importers, exporters, and service providers.

Non-compliance will be costly

While we are committed to enhancing service and to being available if you need help, you should be aware that errors made over a long period of time could accumulate a significant duty liability. For example, if you have claimed preferential tariff treatment for certain goods that do not qualify, you will be liable for the duty owed over the entire period that you were importing these goods.

Providing independent and appropriate appeal processes. To provide fair and objective recourse to departmental decisions, we will move from the current informal review process to an internal administrative correction process to complement the independent and formal appeal process.

Commitment 3: Intensifying efforts to stop illegal activity and threats to health and safety

Strengthening our risk management system. Revenue Canada is committed to meeting Canadians' expectations of a safe and secure environment. We continue to work with enforcement agencies, other customs administrations, and other government departments to fulfill the protection aspect of our mandate. In addition, there will be the following changes in how we operate and what we require from traders and their service providers:

- ◆ although we recognize there is some burden in providing information required for the admissibility of goods, we need to get enough data at the first point of arrival to permit risk assessments and targeting of shipments for contraband and health and safety reasons;
- ◆ there will be an increasing requirement for information to be submitted electronically before the goods arrive at the border in order to provide adequate time for risk assessment;
- ◆ there will be targeting and monitoring of controlled and regulated exports through the use of electronic reports; and
- ◆ customs officers' powers will be expanded under the *Criminal Code*.

Q: What more can the Department and the trading community do to reduce the possibility of legitimate shipments being used as cover for contraband?

Monitoring the links in the trade chain. While it is unlikely that large commercial businesses would knowingly be involved in illegal activity such as the transportation of contraband, any one or more of the links could pose a contraband risk. Smugglers, individuals inside companies, or organized criminals may use conveyances to take advantage of legitimate trade and transportation patterns around the globe and move contraband into and out of Canada. We will use all we have at our disposal to monitor and assess the risks associated with all the parties involved in a client's trade chain. Clients who can demonstrate that they have in place strictly enforced procedures and security measures that make tampering difficult will contribute to a low-risk status.

Developing relationships with clients. By looking at the totality of a business and at patterns of compliance for traders, we get a clearer indication of the risk they pose. This

Contraband must be stopped before it enters the country

includes all relevant information, such as trading histories and the players in the trade chain, for importing and exporting as discussed above.

Getting the right information at the right time. There is no doubt that control is lost once contraband, illegal people, or other threats enter the country. For this reason, the Department is focusing on getting pre-arrival information on people and goods intending to enter the country. This way, illegal activity can be detected proactively and we will not have to rely totally on random selections and on-the-spot risk assessments by customs officers at busy border points.

As traders and service providers take more responsibility for providing information to Revenue Canada, their internal systems will increasingly be used to help minimize sabotage by the criminal element. We will continue to use the latest in X-ray and contraband detection technology to make the examination process more effective. While the intuition of experienced customs officers will always be valued, the Department recognizes the need to use everything it can to keep ahead of the growing sophistication of illegal activity.

Working with partners. Many other government departments are vital in helping us combat threats to Canadians. Canada and the United States share the longest unguarded border in the world. The vast areas along this border which fall between customs entry points are the responsibility of the Royal Canadian Mounted Police (RCMP). We will continue to work closely with the RCMP, exchanging intelligence and expertise.

Internationally, there will be a growing number of customs administrations and government departments that will work together to stem the flow of illegal activity and health and safety threats.

Commitment 4: Promoting certainty and consistency for traders

Working with other governments and customs administrations. At home, our efforts to bring consistency to trade are advancing, and we will continue to ensure that services across the country measure up to the needs of traders. For example, the Canadian Automated Export Declaration (CAED) system makes it more convenient for

With certainty comes
predictability and
confidence

exporters to report. There is much we can do, however, to improve the certainty of international trading. As we have said, exports are extremely important to the Canadian economy. In fact, in comparison with our major G7 trading partners, Canada is far more reliant on its export trade.

In a market-place that demands multi-sourcing and just-in-time inventories, Canadian exporters need access to foreign markets and smooth, uninterrupted processes for getting goods to their customers. We will continue to work under the Canada/United States of America on Our Shared Border Accord to share resources and cooperate on enforcement initiatives. Under NAFTA, initiatives such as the North American Trade Automation Prototype (NATAP) will enhance the use of electronic commerce among the three member nations.

A major advancement in this area will be the fostering of cooperative arrangements with other customs administrations to accredit exporters. This will minimize, if not eliminate, customs intervention for their goods entering the country. So that Canadian businesses can take advantage of export opportunities, Revenue Canada will continue to promote the standardization of international customs procedures and common data elements. The Department will also work to provide Canadian exporters with customs support to ensure that they are ideally placed to take full advantage of international trade agreements. We will also continue to provide technical assistance to support the establishment of better customs administrations in developing countries, thus facilitating access.

As a player in the Team Canada International Business Development Strategy, Revenue Canada is contributing to improved market access, expanded exports, and increased investment opportunities for Canadian business, with emphasis on small and medium-sized enterprises (SMEs). Revenue Canada has been working internationally to raise the SME profile with foreign customs administration partners. An SME focus has been incorporated into the trilateral initiatives of NAFTA and the Heads of Customs (the leaders of the three North American customs administrations), and we are all exploring new opportunities for streamlining and harmonizing processes for SMEs. There

Q: What areas do you see as problematic and deserving of more attention?

will be improved information and education, simplification of trade data reporting, and increased flexibility of payment.

Through APEC, the World Customs Organization, and other international forums, Canada's customs administration is working to influence international adoption and harmonization of best trade and customs practices. We will continue to encourage the expanded use of the Harmonized System, valuation standards, and tariffs bound to international conventions to create a climate of certainty that is vital to trade facilitation. APEC is also working to reap the potential benefits of streamlining and harmonization for SMEs.

Informing business travellers going abroad. We will be pursuing methods to help our clients obtain and understand customs requirements in other countries so that they can plan ahead. Using the potential of electronic communication, more and more information will become available that will make clearing customs more efficient and less time-consuming.

Travellers

In 1997, more than 108 million travellers entered Canada: 51% were Canadians returning either from vacation or cross-border shopping; and 49% were primarily tourists and business travellers from abroad—95% of whom were from the United States

Recent forecasts suggest that tourism from the United States and elsewhere will continue to increase. As a result, Canada is looking not only to international trade but to its tourism industry as a driving force behind the country's economic growth and renewal. Tourism represents more than 4% of Canada's GDP and is the fastest-growing sector in the Canadian economy. It is also the largest generator of jobs.

Revenue Canada has an important role to play in making trans-border travel simple and friendly for foreign tourists and business travellers, and convenient for returning Canadians. With the huge volumes of people crossing our borders, we have the tremendous challenge of detecting those few travellers who are not complying with the law, while making crossing quicker and simpler for the rest.

Getting information into the hands of the travelling public

Commitment 1: Improving service

Providing clearer, more timely information. For the travelling community, we are going to move from limited traveller information programs to tailored information and educational programs based on the needs of identified client groups.

Q: How can we make travellers more aware of their rights and obligations?

Q: What kind of features would you like to see in our information program?

As the tourism industry booms in Canada, people are coming from all over the world—many for the first time—and they may not be aware of Canadian regulations. Our goal is to inform people through a broad outreach campaign involving the tourism industry, business sectors, agents, carriers, and the Internet. We want to better inform our international travellers so that they can make their clearance smoother and we can better protect Canadians. For example, the traveller who inadvertently brings in tainted meat could seriously threaten the health of Canadians and the agricultural industry. We also want to ensure that our travellers are aware of their rights and have access to recourse if they believe that they are being mistreated or that their rights are being otherwise abused.

Convenience and minimized intervention

Offering choices and convenience. For the travelling public, there will be tailor-made processes based on the risk associated with their point of origin, on their mode of arrival, and on traveller profiles that track travelling patterns and compliance records.

Traveller interviews at the first point of arrival will be on an as-required basis, since the Department will increasingly use permit programs and advance information to make release decisions before people arrive at Canadian points of entry. As with trade, the use of alternative methods to establish risk before arrival is a key ingredient in our risk management system. Advance passenger information will allow us to identify people who should have screening interviews and to detect real or potential threats.

A significant portion of the travelling public could arrive in Canada and proceed directly through customs without officer contact. For example:

- ◆ Permit programs such as CANPASS will be used for frequent low-risk travellers. Approved travellers will receive a permit which will generally preclude

intervention by an officer, thereby allowing easy and uninterrupted passage across the border.

- ◆ An entire trans-border flight may be cleared before it arrives. Travellers may be streamed according to criteria such as citizenship, or the need for immigration processing.
- ◆ The Department is working with the United States to bring about full joint development and delivery of common programs, including single enrolment for all permit-holders. Those who do not have a permit will be processed according to their risk profile.

Travelling will be easier for low-risk clients

The manual processes for traveller identification and for the payment of duty and tax will be replaced by fully automated, self-service options. Increased use of biometrics technology will allow positive identification of travellers.

Automated kiosks will facilitate the declaration and payment of duty and tax. More and more, Revenue Canada will be working with Citizenship and Immigration Canada (CIC), other government departments and private industry to harmonize information and meet the needs of travellers. Through linkages with others who provide services for travellers, such as baggage handling and transportation, we can provide gate-to-curb and curbside-to-gate service. Participants would enjoy accelerated service for baggage handling, as well as automated departure and ticketing services and streamlined taxi, car rental, and hotel arrangements.

Permit programs are the ticket to fast and convenient travel

The CANPASS program, a family of pre-registration programs designed to ease the entry of low-risk travellers, will be expanded so that permits will be valid at all participating Canadian locations.

Q: What other measures can Revenue Canada take in implementing new services?

In addition, we will provide:

- ◆ simplified multi-purpose CANPASS application forms which can be processed more quickly and at more convenient locations;
- ◆ expanded use of pre-approved traveller programs, such as dedicated commuter lanes for pre-approved travellers, biometrics technology, and once-a-season reporting; and
- ◆ a variety of payment options, such as credit or debit cards.

Focus on service

Q: What services are a priority for travellers?

Providing consistent service that is readily accessible. It is clear that the satisfaction of the travelling public depends on service that is timely, efficient, and respectful of the individual.

To accomplish this we will:

- ◆ treat clients with respect and patience and offer full disclosure by answering their questions and explaining our answers;
- ◆ publish and display our service standards for expected wait times at each facility;
- ◆ use a national client profile of frequent travellers to help focus interviews and examinations;
- ◆ create a comprehensive administrative review process and an independent formal appeal process; and
- ◆ better harmonize and integrate our operations with those of CIC and other service providers at border crossings and airports.

Travel from exotic places increases risk

Commitment 2: Ensuring that everyone plays by the rules

Customs officers must administer dozens of pieces of legislation and international conventions. As the world continues to open up, more people take trips to exotic destinations where protected or dangerous goods can be purchased by unwary visitors. When they return to Canada, many Canadians have been surprised to find that their interesting wood souvenirs come from protected rainforests, or that their food purchase has not been produced under the same stringent processing standards as in Canada and may contain a virus dangerous to their family or to Canada's domestic livestock.

Screening for high and low risk. Even though compliance in the traveller stream is relatively high, we must ensure that all travellers are treated fairly and that those who do not comply with the law are intercepted. We will take measures to build on the existing verification methodologies and sanctions.

Instead of starting the verification process with the arrival of travellers at the first point of entry and managing risk through random sampling and officer referral, the

Department will use advance information from reliable sources and new information processing and detection technology to identify higher-risk travellers or accompanying goods. In this way, we will be able to better predict and detect non-compliance. Links with other enforcement agencies will enhance our comprehensive support system.

Rewarding compliance. Travellers who cross the border frequently and are able to establish and maintain a good compliance record with the Department will qualify for privileges and services that allow them to travel more freely.

Penalizing non-compliance. Fair penalties will be applied through the Administrative Monetary Penalty System (AMPS), a program that provides for warnings and graduated monetary penalties for a broad range of omissions or wrongdoing.

Q: How could the Department better respond to travellers' complaints?

Providing independent and appropriate appeal processes. Today we do not have a process in place to provide for the review of minor civil penalties. To provide fair and objective recourse to departmental decisions, we will move from a limited informal review process to an internal administrative correction process that complements the independent and formal appeal process. For example, some travellers have complaints about enforcement activities and how they are treated. We are looking at ways to better respond to officer conduct complaints.

Commitment 3: Intensifying efforts to stop illegal activity and threats to health and safety

Strengthening our risk management system. While the vast majority of travellers comply willingly with the law, a very small minority engage in illegal activity. Risks in the international and cross-border travel areas are numerous. Potential risks associated with travellers themselves include child abduction, illegal migration, terrorism, money laundering, and the spread of infectious or contagious disease. The risks associated with accompanying goods can include illegal drugs, illegal weapons, contaminated products, and other illegal goods. Our commitment to intensify our protection efforts means:

- ◆ conducting more thorough traveller interviews at the first point of arrival on an as-required basis;
- ◆ expanding hours of service at locations that are not staffed on a 24-hour basis through the use of new communications and inspection technology;
- ◆ using client profiles for frequent travellers so that repetitive non-compliance is dealt with more appropriately;
- ◆ expanding the powers of customs officers under the *Criminal Code*;
- ◆ increasing the targeting of high-risk travellers to ensure the identification and interdiction of, for example, illegal aliens, or a traveller carrying inadmissible goods; and
- ◆ implementing the *Firearms Act* and its regulations.

Monitoring the links in the traveller chain. In addition to determining the risks associated with travellers, we will be more aware of all the aspects of travel where illegal activity could occur. We will take steps to ensure that smugglers will not be able to take advantage of legitimate travel patterns.

Developing relationships with clients. Traditionally, Revenue Canada has treated travellers based on individual crossings, whether they were known or not, and whether they were frequent travellers or not. Understanding travellers in terms of their travel habits and overall compliance records will be a fairer and more advantageous approach to providing service to our clients.

Getting the right information at the right time. This is vital to our continuing efforts to be proactive in combating illegal activity. Wherever possible, we will require pre-arrival information from passengers on carriers, and client profile information on frequent travellers to accelerate their travel activity.

Working with partners. We are in partnership with Citizenship and Immigration Canada—the lead government department—in combating the entry of inadmissible people to Canada. This and other partnerships with domestic and international institutions will be key to the Department's success in this area.

Commitment 4: Promoting certainty and consistency for travellers

Working with other governments and customs administrations. Travellers entering Canada receive high level service regardless of where or how they enter the country.

The Canada/United States of America Accord on Our Shared Border will continue to be a major vehicle for strengthening predictability in travel. Based on the reality that both countries face common challenges in today's world, the Accord provides the opportunity to share resources, facilities, and equipment in creative ways without compromising the sovereignty of either nation. The new in-transit pre-clearance agreement is an example of the initiatives under the Accord designed to make it easier for legitimate travellers to move between Canada and the United States.

Revenue Canada will continue to actively encourage customs organizations around the world to harmonize and simplify their entry requirements and processes for travellers. Departmental efforts in both NAFTA and APEC are geared toward adopting practices that make it easier for Canadian airlines, travel agents, and tour operators to sell tickets to foreign destinations. The promotion of such concepts as a worldwide traveller automated inspection process would expand the CANPASS concept to travellers around the world.

Q: In what other ways could we help travellers going abroad?

Informing travellers going abroad. We will act as pathfinders to help clients obtain and better understand the requirements of other countries so that they can plan ahead and get through foreign customs as easily as possible.

Stakeholders

Service providers

Border management associations and authorities

Other government departments and agencies

Revenue Canada understands that in addition to our direct clients—traders and travellers—there are many service providers, border management associations, and other government departments that will be affected by how customs operates in the future. These stakeholders have an essential role in providing customs trade and border services. We know that ensuring the best service for our

clients and protection for Canadians means engaging these organizations as partners. We know we cannot do it alone.

Our success in achieving many of the directions proposed in this discussion paper depends on our partnerships with other government departments and agencies, such as Citizenship and Immigration Canada, the Canadian Food Inspection Agency, the Department of Foreign Affairs and International Trade, and Statistics Canada. Our ability to meet our commitments to our clients is strengthened through coordination and with the help of our counterparts in other departments. By working together as a Government, we can find the best ways to deliver all the necessary governmental services at the border. For example, while Revenue Canada strives to implement more efficient processes for traders and travellers, we recognize that a streamlined border also requires a modern physical infrastructure. We will continue to work with Transport Canada, the provinces, and border facility owners in reviewing requirements for the roads, bridges, and ports that serve as Canada's trade corridors.

Similarly, we look forward to continuing our established relationships with border management groups, associations, and authorities. In the midst of constant change, many issues, challenges, and opportunities have been identified through ongoing feedback. This link is essential to keeping customs on the right track and in tune with the current realities of our diverse business.

Q: What are the main issues that stakeholders see as a result of the discussion paper's direction?

There is no doubt that service providers will be affected by changes described in this discussion paper, since our clients are in many cases their clients. Clients who want to take advantage of opportunities may rely on their service providers to position them through technology, knowledge, and expertise.

As we improve service, ensure that all clients are playing by the rules, intensify our efforts to stop illegal activity, and search for more opportunities internationally, we will provide services differently. Some services will no longer be required, and new services will emerge. This will directly and indirectly affect service providers such as customs brokers and consultants, warehouse operators, duty-free shops, and carriers. For example:

- ◆ The discussion paper could have a significant effect on service providers and the world in which they work. Revenue Canada has changed the way we do business to respond to both the new customs environment and the broader imperatives of a global economy. Service providers may want to do the same if they want to successfully position themselves for the future. Institutions, public and private, cannot afford to do business as usual and risk being left behind.
- ◆ A significant change that will come in the future relates specifically to carriers. A major premise of the discussion paper is increasing the use of registration systems and pre-arrival review so that the border becomes an identification and communication point, thus accelerating processing. This will apply to everyone, including drivers. Instead of always being interviewed at the border when they arrive with shipments, drivers will be required to pre-register with the Department for identification purposes and risk assessment.
- ◆ Changes in how the Department treats low-risk travellers could have an effect on facility operators and transportation companies. Because of decreased intervention, businesses serving travellers have the potential to provide more convenient and innovative ways to deliver their services and expedite cross-border movement.

Revenue Canada

The environmental changes in the last decade have required monumental adjustments in all the sectors of the Canadian economy, including the public sector. As one of the oldest institutions of governance, the long traditions and rich culture of customs and trade administration have provided the strength, loyalty, and dedication that have been necessary to carry out our mandate, even as it evolved over time. It has been a colourful evolution, especially when one considers its origins in the days of colonialism and sailing ships, and the fact that the focus has long been two-dimensional—revenue collection and law enforcement. A major challenge for us as customs and trade administrators has been to make the leap from the mind-set

of a regulatory institution to one which reflects the multidimensional demands of today's global society.

Fulfilling our commitments to our clients means keeping in touch with changes that signal new trends. The discussion paper is a vehicle for planning in advance, to help us avoid being merely reactive and getting out of step with the realities of our clients. It provides a springboard for ongoing dialogue and setting priorities. It also allows us to show how clients' needs must be balanced with both government objectives and our leadership role to ensure that what we do continues to be in the public interest.

Realizing this vision means taking the valuable skills found in the regulatory environment and applying them to a client-focused environment. This means providing support and encouraging staff to upgrade skills, develop new abilities, and adjust to the complexity of a multidimensional and knowledge-based environment that emphasizes technological know-how, analysis, decision-making, and teamwork.

We at Revenue Canada regard change as an opportunity for growth and development. The skills and experience of customs and trade administration personnel create a strong foundation for the kind of employee needed in today's environment. Over the past decade, we have responded to the needs of our clients with new initiatives, many of which have required major adjustments to organizational changes and necessary tasks.

Perhaps the most significant adjustment was the consolidation of customs and taxation into an integrated portfolio. As customs was adjusting to re-engineering its own organization, it was also called upon to establish its place in a bigger organization and on an extended team that included our colleagues in taxation. Our accomplishments in developing and testing new concepts, our successful adaptation to cost restraint, and our tradition of professional and competent client interaction will help us respond to new expectations and adjust to new conditions with both curiosity and a continuous willingness to learn.

While senior management is important in providing direction for the future, the people on the front lines are the

real engine of change. They are the ones that make it happen. It is the customs staff who, with professionalism and decorum, greet and process travellers and traders, and attend to the post-release processes—all vital in making Canada a good place to visit or in which to do business. Employees across the nation work diligently to make Revenue Canada a dynamic service organization, working in partnership with the business community and stakeholders. The accomplishments of Revenue Canada have made it a model for other governments modernizing their customs organizations. New ground has been broken, and will continue to be, in the redefining of Revenue Canada's customs and trade administration as an important and dynamic institution of governance.

Part 4 – The Consultation Process: The Foundation for Continuing Dialogue

The consultation process is designed to provide us with comprehensive, multi-level feedback from our clients. The final document that results will reflect this feedback and incorporate changes. It will be a strategic action plan—one that meets the needs of both clients and the Government.

The Minister's Consultative Committee on the Blueprint

A number of chief executive officers and officials from a wide range of organizations including industry, service providers, union, enforcement agencies, and associations have been invited to be part of a consultative committee. It will provide feedback directly to the Minister.

Dialogue with clients, stakeholders, staff, and unions

Departmental consultations will take place in conjunction with a wide range of representatives of associations and organizations from business and the general travelling public. There will also be consultations with Revenue Canada staff and unions. Where existing forums are not sufficient to discuss the issues involved in this document, they will be created. Ultimately, the goal is to reach a common understanding and gain a secure commitment to the course of action chosen.

The consultation continuum

This document is not a beginning, but a continuation of the consultation process that has gone on for the last eight years. There are existing consultations taking place at many levels through groups such as the Customs and Trade Administration Consultative Committee (CTACC) and other working groups that are associated with the various forums involved. Complementary to these ongoing forums are consultations that focus on specific initiatives such as broker licencing, sufferance warehouse re-engineering, and duty-free shops. The consultation process that will take place in relation to this document will complement, and not replace, discussions in these existing forums.

The report

After the consultations, we will produce a report that outlines the input of the participants. Later, there will be a final document that will serve as our work plan for the next five years. While the plan could be subject to changes over that period, we anticipate that work will proceed as defined in the final document. This being the case, it is essential that everyone participate fully in the process.

Think recycling!



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Customs and Trade Administration Blueprint

Traders

Consultation Workbook

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Introduction

Competitiveness and Protection

Revenue Canada has a critical role to play in:

- **protecting Canadians and Canadian society**, by impeding the flow of inadmissible people and dangerous or illegal goods across our borders; and
- **enhancing the competitiveness of Canadian business**, by facilitating the movement of legitimate travellers and commercial goods, reducing compliance costs, and maintaining a level playing-field, both among Canadian businesses and with foreign competitors.

In the past, Revenue Canada tended to deal with these two business lines of its customs mandate in isolation, but in fact they are interdependent. The Department must constantly deal with both legal and illegal activity at the border. The same people who want facilitated processes for commercial goods and travellers also want the Government to ensure that their communities are safe and their families are protected. Faced with these realities, Revenue Canada realizes that it must test its processes and systems and determine what interventions to make against the backdrop of a single mandate that encompasses both protection and competitiveness.

Operating in *Real Time*

Unlike many other government organizations, Canada's customs organization operates in *real time*. Simply put, this means that the Department has little control over when people or goods arrive at the border, and has no option but to provide immediate service. Revenue Canada's ability to respond in *real time* is critical to the growth of the Canadian economy. Given the country's growing dependence on international trade and tourism, the Department must ensure that it does not become a roadblock to legitimate activity.

Commercial goods arriving at the border must be processed as quickly as possible, in order to keep production lines operating on schedule and to encourage foreign investment in Canada. Likewise, travellers must be processed quickly and efficiently, to facilitate business travel and to help make Canada an attractive tourist destination. Also, contraband must be found and seized before it enters the country. The need to operate in this *real time* environment is a fact of life and a determining factor in the Department's decisions as to where, when, and how customs service is provided, now and in the future.

The Department also recognizes that efficient processes are not enough to assure real time service; physical infrastructure at and near the border must be able to accommodate the volumes of people and goods. Revenue Canada will continue to work with Transport Canada, provinces and border facility owners in reviewing requirements for the roads, bridges and ports that serve as Canada's trade corridors.

The Business of Customs

Customs administrations around the world follow essentially the same basic customs process. In Canada, the elements of this process are defined as follows:

- **Report** is the requirement for all people entering or leaving Canada to provide information on themselves and the goods in their care.
- **Release** is the decision to allow people to enter Canada, to allow goods to enter the economy, or, in the export process, to allow goods to leave the country.
- **Assessment** is the requirement to provide further information to support the calculation and payment of duty and tax, and to support the statistical trade data needed by both industry and Government.
- **Compliance verification** is any activity undertaken by Revenue Canada to detect contraband and/or to ensure that people or goods have met all legal obligations and responsibilities.
- **Sanctions** are any actions initiated by Revenue Canada that penalize a person or business for non-compliance.
- **Redress** is the opportunity for a person or business to challenge a departmental decision or to request relief from any sanction imposed by Revenue Canada.

These elements, linked together, form the Canadian customs process. While the elements themselves have not changed, Revenue Canada has changed the way it manages them.

To enhance the delivery of the customs process, the Department has developed an extensive service program that runs through all of the business elements. Moreover, the Department continues to work in partnership with traders and travellers to improve service delivery and to provide more accessible and flexible options.

Customs Today – The 1990s

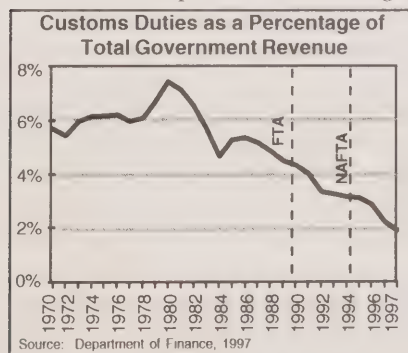
The Global Village and Customs: The Drive to Consult and Re-engineer

The evolving business environment of the 1990s can be characterized by five major trends:

- ① trade liberalization and business opportunities and challenges;
- ② rapid advancements in technology;
- ③ growth in concern over the protection of Canadian society;
- ④ increasing volumes of both people and goods crossing the border; and
- ⑤ the demand for good government at a reasonable cost.

Trade Liberalization – Business Opportunities and Challenges

Although the collection of duty and tax, including the goods and services tax (GST), remains an important function at the border, revenues from customs duty have steadily decreased due to free trade. As global trade and economic pressures increase, agreements such as the North American Free Trade Agreement (NAFTA) are removing duties and other barriers that prevent Canadian business from taking full advantage of opportunities in foreign markets. At the same time, the international rules to obtain duty-free treatment are numerous and complex. These rules, most of which pertain to the origin of goods, represent new conditions



which must be managed by all players seeking access to free trade. For example, the source of inputs, the degree of further manufacture, and the cost of production are all factors which influence decisions as to whether the conditions for duty-free treatment have been met. The complexity of these rules, compounded by the increasing global integration of production,

distribution, and investment, has made compliance with import and export legislation a challenge. Meeting this challenge requires a degree of business planning much like that which business puts into tax planning today. The recent free trade agreements with Israel and Chile will undoubtedly be followed by others, as the Canadian Government is actively pursuing further market opportunities for Canadian business.

Rapid Advancements in Technology

The growth of information technology has resulted in an unrestricted and rapid flow of information around the world, as well as a dramatic increase in the use of electronic commerce. Large and small businesses, as well as individuals, have embraced technology and electronic commerce as the most efficient means of exchanging data and transferring funds.

Technology options vary from large mainframe-based systems using dedicated lines to personal computer-based options which use the Internet as a communications vehicle. By providing service for a variety of these options, the Department will be able to meet the needs of all types and sizes of clientele. Like business, the Department will have to continually rethink and reassess its use of technology in delivering services and targeting non-compliance so that it can take full advantage of new developments.

Growth in Concerns over Protection of Canadian Society

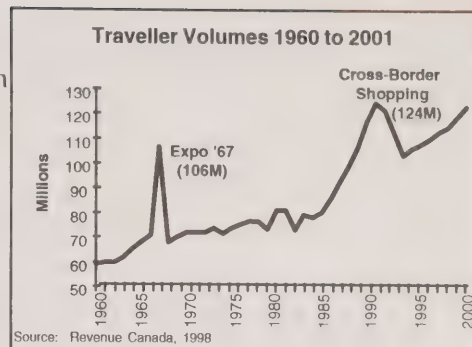
During the 1990s, smuggling has stretched border controls to the limit. With the steady growth in international trade and travel, crimes such as smuggling, cross-border fraud, and illegal migration have continued to grow. By 1996, customs officers across Canada had seized billions of dollars in contraband drugs, alcohol, and tobacco. The annual value of the illegal drug market in Canada is estimated at \$7 to \$10 billion. Police report that drugs are more readily available at street level, where purity has increased and prices have dropped. This indicates that large amounts of drugs continue to be smuggled into Canada. By contrast, liquor and tobacco seizures have dropped over the past several years. This is due largely to reduced taxes on tobacco products and increased enforcement capabilities. Moreover, the criminal element has become more sophisticated in its methods and more international in its scope. Canadians have also become greatly concerned about dangerous chemicals, waste products, the spread of disease, the illegal export of weapons and technology, and the increase in violent incidents involving firearms.

More People and Goods

Throughout the 1990s, the volume of trade has continued to increase, putting an enormous strain on existing processes and systems. Commercial import entries into Canada rose from 8.4 million in 1986 to 10.1 million in 1996, an increase of almost 20%. It is expected that this trend will continue and that volumes will rise to approximately 13.6 million commercial import entries by 2003.

The volume of people crossing the border has also risen dramatically. Millions of Canadians travelled to the United States in the early 1990s,

creating a cross-border shopping phenomenon in response to the relatively high value of the Canadian dollar. While the cross-border shopping surge subsided with an economic downturn, the lure of casinos, the deregulation of the airline industry (Open Skies Agreement), and the expansion of Canada's tourism industry have all contributed to a continued growth in the volume of tourists and business travellers crossing the border. In 1997, more than 108 million travellers entered Canada, compared to approximately 90 million in 1987. Given the trends, it is projected that 123 million travellers will be entering Canada annually by 2003.



Good Government at Reasonable Cost

Faced with demands for improved openness, accountability, and service, governments around the world are rethinking and re-engineering the way in which they operate. The pressures of debt and deficit reduction provided a political stimulus to develop new client-centred government services that could yield even more cost savings. The need to be efficient and cost-effective is not limited to the business community. After a period marked by program review and transformation in the Public Service, Canadian government program spending will account for only 12.4% of Canada's gross domestic product (GDP) in 1997-98, compared to 16.6% in 1993-94. Program spending will continue to decline relative to the size of the economy. It is projected to fall to 11.5% of the GDP in 1999-2000 — the lowest level in 50 years.

For Revenue Canada, this has meant finding new and better ways to ensure compliance with the law, while reducing costs for both the Department and its clients. In 1992, Revenue Canada began the process of integrating departmental programs and services that have common clientele. This will reduce overlap and duplication and provide for a stronger client service orientation, which will be further strengthened by the move to agency status in 1999.

Competing Demands

The rapidly evolving environment of the 1990s is placing tough demands on everyone, including Revenue Canada. The ongoing challenge for the Department is to find the right mix of activities to respond to competing demands from:

- the public for better protection;
- the trading community for fast and efficient customs service and a level playing-field;
- the tourism industry for quick and simple processing of international travellers;
- other government departments (OGDs) for single-window administration of their legislation at the border; and
- Canadians for good government at a reasonable cost.

Consultations and Lessons Learned

In response to these competing demands, the Department began an extensive process of consultations and tests with its clients and stakeholders at the same time as it implemented a number of process and system improvements. These initiatives included:

- *Customs 2000: Blueprint for the Future*, which set out a vision of how the Department planned to conduct business in the traveller, commercial, and enforcement environments (1990);
- the *Customs Act Review*, which involved a fundamental review of the statutory and regulatory framework which supports the customs program (1991);
- a comprehensive client survey concerning the delivery of the commercial process (1995);
- the New Business Relationship Initiative, which focused on the needs of commercial importers (1992);
- consultations with small and medium-sized enterprises (SMEs) focusing on their unique needs (1995);
- consultations with municipalities and business retail groups on Customs' role in cross-border shopping (1991);
- ongoing consultations and partnerships with local, national, and international enforcement agencies to stem the flow of contraband; and
- traveller focus group results (1994), surveys of travellers (ongoing since 1993) and compliance studies (since 1991) have helped us develop national client profiles and establish the level of client satisfaction with our services.

The lessons learned from this process provided the basis for a renewed vision for the future.

A Vision for the Future

The vision for the future, outlined in the *Customs and Trade Administration Blueprint: A Discussion Paper*, is expressed in terms of a series of commitments which echo the feedback we got from our clients and the lessons we learned over the last decade.

- **Simple and consistent services.** Both traders and travellers want customs services that facilitate compliance and are standard across the nation.

Therefore, we will continue to improve service.

- **Equal competitive advantage.** Traders and travellers want assurances that the rules are applied consistently and that no one has an unfair advantage.

Therefore, we will ensure that business and travellers play by the rules.

- **Safe homes and streets.** Canadians want a customs administration that allows freedom of trade and travel, while preventing the entry of people and goods that would threaten their health and safety.

Therefore, we will intensify our efforts to stop illegal activity and threats to health and safety.

- **More certain international trade and travel.** Business clients and the public at large want customs policies and procedures that bring more certainty to trade and travel so they know what to expect and can make better decisions.

Therefore, we will promote certainty and consistency for exporters and for Canadians travelling abroad.

The commitments, as expressed in the *Blueprint*, will be fulfilled for each of our client groups through a set of strategic design features which characterize the changes we foresee taking place. This workbook restates the design features in practical terms, relating them to the elements of the customs process for traders. The design features will be the basis for consultations, which will enable the Department, our clients and stakeholders, to work together to identify priorities and develop a final plan. Following the design features is a chart illustrating how the process works now compared to how it could look in five years, supported by a list of current and planned initiatives.

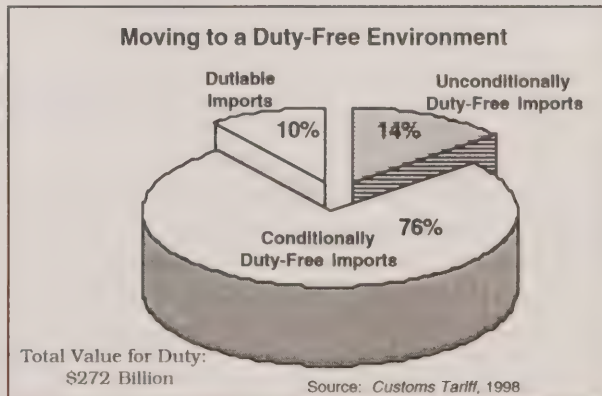
Large Commercial Business

Competitiveness and Protection

Of our 158,000 importers, approximately 13,000 are large commercial businesses, each of which imports more than \$1,000,000 in goods annually. Together these account for 94% of the value of goods entering Canada.

Large Commercial Importers (Import More than \$1,000,000 Annually)					Total Importing Community
Number of Importers	10	100	1,000	13,000	158,000
Percentage of Total Imports	27%	46%	69%	94%	100%
Total Value of Imports	\$73B	\$125B	\$187B	\$255B	\$272B
Top five major industry sectors <ul style="list-style-type: none"> • Transportation sector • Electrical and electronic sector • Consumer goods and services sector • Machinery and equipment sector • Chemicals, chemical products and textiles sector 					
Source: Statistics Canada, 1997					

Over the past seven years, the value of imports has almost doubled from \$136 billion to \$272 billion, and this trend is expected to continue in the present trade environment. Duty rates are steadily declining and more goods are becoming duty-free under the World Trade Organization (WTO) Agreement and other trade agreements. An increasing number of goods are imported into Canada duty-free under conditions imposed by numerous trade agreements and national trade incentive programs. Such imports now account for approximately 76% of the import trade.



Given this conditionally duty-free environment, the Department must ensure that complex trade rules are understood and properly applied, and that the integrity of trade data is preserved. At the same time, Revenue Canada must ensure that Canadians are not compromised by health, safety and contraband risks that may be associated with the nature and origin of goods and by the distribution chain.

The complexity of trade rules. While the majority of goods imported into Canada are legitimate products, they do pose a risk in terms of their duty liability. Goods which qualify under the conditions and rules of trade agreements or other domestic incentive programs are afforded preferential or duty-free rates. These national and international rules are numerous and complex and must be managed by business in terms of compliance. For example, should it be discovered that goods do not qualify for any preferential rates claimed, there may be a significant duty liability.

Integrity of trade data. One of the challenges for industry and government is to ensure that trade data—nature, origin, value and intended use—accurately reflect the goods imported and exported. This data is a key element in defining the true Canadian market and is, therefore, critical to business and government decisions on trade and investment opportunities.

The nature and origin of goods. Depending on their nature and where they are sourced, goods imported into Canada can pose a threat to Canadians. For example, goods such as chemicals, radioactive products or biological material, just by their nature could be hazardous to the health and safety of Canadians, or the environment, if not properly sealed, contained and transported. Similarly, a food product imported from one country may always meet Canadian processing standards, whereas the same product may pose a risk if it originates in another country whose standards are less stringent than Canada's.

The trade chain. There is a risk factor associated with each link in the trade chain, such as the transportation mode, the routing of the shipment, and the importer, exporter, and service provider(s) involved. While it is unlikely that a large commercial business would knowingly be involved in illegal activity or the transportation of contraband, any one or more of the links could pose a contraband risk. Furthermore, legitimate trade patterns may be used by others outside of the trade chain as a cover for illegal activity. Smugglers, individuals inside companies, or organized crime may take advantage of legitimate trade and transportation patterns around the globe by using conveyances to move contraband, such as narcotics and firearms, into and out of Canada.

Large Commercial Business Design Features

Revenue Canada would:

Client Service

1. move from providing general client services to also providing tailored services which will help importers improve compliance and maximize the benefits of trade agreements;

Report and Release

2. move from a paper-based to a mandatory electronic environment;
3. move from interviewing drivers to a pre-registration system, with crew members identified electronically;
4. move from accepting minimal data to requiring mandatory, pre-arrival data to permit targeting of shipments for contraband and for health and safety reasons at the first point of arrival;
5. move from domestic data requirements and processes to international standardized data and processes;

Assessment

6. move from using its inventory control systems to allowing approved members of the trade community to file trade data from their business systems;
7. move from an account security-based system to a single client account based on the Business Number;

Compliance Verification

8. move from multiple service centres to centralized services in the Home Region where the company's head office is located;
9. continue to move from transactional reviews to comprehensive periodic verifications;
10. move from relying only on random and transactional selections and on customs officers' intuition to relying on a comprehensive risk management program;

Sanctions

11. move from the current seizure and ascertained forfeiture approach to one of seizure and administrative monetary penalties. This will enable sanctions to match the severity of the infractions or non-compliance;

Redress

12. move from a limited informal review process to an internal administrative correction process to complement the independent and formal appeal process.

Customs Import Process for Large Commercial Business

Business Elements	Today	Five Years from Now
Client Services	<ul style="list-style-type: none"> • Client service supports voluntary compliance by providing general information, which is available through customs notices, memoranda, rulings and trade shows. • For information and problem resolution, importers or their brokers interact with multiple customs offices. • Service representatives are available for those who account electronically. • When OGD import requirements must be satisfied, importers or their service providers deal directly with OGDs or through Revenue Canada to meet the border requirements. 	<ul style="list-style-type: none"> • Client service will support voluntary compliance and will ensure that importers obtain maximum benefit from trade agreements. This will be done through a proactive outreach educational program tailored to importer needs. • A Home Region would be assigned to importers, based on the location of their head offices, or, if appropriate, on another mutually agreed upon location. • A customs service representative in the Home Region would be assigned to manage the importer's account. Local customs offices would continue to provide daily assistance to importers, as needed. • In partnership with OGDs, a single window of service would be provided for all OGD requirements through interfaces or an integrated approach to border management.
Report	<ul style="list-style-type: none"> • Importers register and obtain a Business Number for all Revenue Canada programs. 	<ul style="list-style-type: none"> • The use of the Business Number would be expanded to allow importers to include programs of other government departments.

Business
Elements

Today

Five Years
from NowReport
(cont'd)

- | | | |
|--------------------|---|---|
| Report
(cont'd) | <ul style="list-style-type: none"> • Major international carriers and freight forwarders are registered and identified by carrier codes in order to assess risk. However, itinerant carriers do not have distinct carrier codes. • Individual truck drivers are not registered. • In all modes of transportation, except highway, crew members usually report upon arrival. • Reporting is mostly paper-based. • Goods are reported by the carrier at the first point of arrival. • Current requirements for cargo reporting do not allow for adequate targeting of contraband and health and safety risks at the first point of arrival. | <ul style="list-style-type: none"> • Carriers and freight forwarders would be registered for identification and profiling purposes. • Individual truck drivers would be registered for identification and risk assessment purposes. • For all modes of transportation, except highway, the identification of crew members would be sent to Revenue Canada electronically before arrival. • Electronic reporting of cargo before arrival for all modes of transport, including in-transit and courier shipments, would be available. • Goods would be reported before arrival, although in some cases reporting would be supplemented by other parties, such as freight forwarders and brokers. • An expanded set of mandatory data elements will be required prior to arrival so that the risks of contraband being imported or health and safety violations can be determined at the first point of arrival. |
|--------------------|---|---|

Business Elements	Today	Five Years from Now
Report (cont'd)	<ul style="list-style-type: none"> • Subsequent to initial reporting, carriers and freight forwarders are required to report cargo deconsolidations and diversions to Revenue Canada to update a cargo inventory maintained by the Department up to the point of release. 	<ul style="list-style-type: none"> • The business systems of carriers and freight forwarders would be used to control the movement of unreleased cargo, as well as the in-transit movement of cargo through Canada.
Release	<ul style="list-style-type: none"> • Release information is usually paper-based. • Importers have the option of having their goods released inland. This means that goods may be admitted into the country before an assessment is made for contraband and health and safety risks. • When OGD import requirements must be satisfied, all release packages are reviewed by Revenue Canada and, in some cases, by OGDs as well. • The current <i>Customs Brokers Licencing Regulations</i> contain unclear and outdated requirements for obtaining and maintaining licences for qualified individuals. They do not reflect the changed and largely automated customs environment. 	<ul style="list-style-type: none"> • All release information would be provided electronically. • Release of goods, including courier and low-value shipments, may take place inland, but only after it has been determined at the first point of arrival that there is no risk with respect to contraband and health and safety. • Through partnership agreements, when OGD import requirements must be satisfied, Revenue Canada may make release decisions on their behalf. • The Customs Brokers Licencing Regulations will be modernized to reflect current business practices and the automated customs environment.

Business Elements	Today	Five Years from Now
Release (cont'd)	<ul style="list-style-type: none"> • Sufferance warehouse licencing policy: <ul style="list-style-type: none"> ◆ restricts the receipt, handling, and storage of cargo according to mode of transportation; and ◆ restricts the availability of licences and the location of licenced facilities. • Most releases require review by a customs officer. • In the highway mode, the primary inspection line (PIL) serves as a checkpoint where a customs officer makes the decision to: <ul style="list-style-type: none"> ◆ release goods; ◆ authorize movement of goods inland; or ◆ direct goods for inspection. • Revenue Canada publishes service standards to inform clients about how long they may expect to wait for customs service. • Canada and the United States operate separate border facilities located on their respective sides of the border. 	<ul style="list-style-type: none"> • Sufferance warehouse licencing policy: <ul style="list-style-type: none"> ◆ All licenced facilities would be authorized to receive multi-modal freight directly. ◆ The availability of licences and licencing requirements would be simplified. ◆ There would be permit licences, with restrictions based on location and cost recovery agreements. • Technology will allow customs officers to focus their detailed reviews on high-risk shipments. In most cases, low-risk shipments will be automatically released if requirements are met. • Based on electronic pre-arrival data and review, a release decision will be made before the shipment arrives. Through the use of technology, the PIL will serve as a communication point, subject to monitoring by customs officers. • Revenue Canada will, on an annual basis, report publicly on its performance against service standards for every site in Canada. • Canada and the United States would share facilities and equipment, including common examination warehouses, meeting and training rooms, and contraband detection equipment, at many border locations.

Business Elements	Today	Five Years from Now
Release (cont'd)	<ul style="list-style-type: none"> • Canada and the United States apply their own customs and immigration laws on their respective sides of the border. 	<ul style="list-style-type: none"> • Canada and the United States would be able to apply their customs and immigration laws in designated areas in the other country.
Assessment	<ul style="list-style-type: none"> • Importers or their brokers usually account for trade data in two steps: presenting the release data and then presenting the assessment data at a later date. This process is done either manually or electronically. • Most importers or their brokers account for the goods to Revenue Canada within five business days from the date of release of the goods. • Importers or their brokers account (self-assess) for goods on a transaction-by-transaction basis. • Importers or their brokers account (self-assess) electronically or manually. • Only a few companies use their business systems to file trade data with Revenue Canada. 	<ul style="list-style-type: none"> • Importers or their brokers would have the option of providing the data electronically in two steps or one step, before the goods are released. • Authorized importers or their brokers would have an enhanced accounting process. • Importers or their brokers would be able to account (self-assess) for goods either transactionally or on a consolidated basis. • Importers or their brokers will also be able to: <ul style="list-style-type: none"> ◆ use a Commercial Cash Entry Processing System (CCEPS) workstation that has user-friendly assessment software; and ◆ interact through the Virtual Customs Office (VCO) on the Internet. • Revenue Canada would eliminate its customs inventory control for trade data for authorized importers. These importers would file trade data and assess their duties and taxes from their business systems.

Business Elements	Today	Five Years from Now
Assessment (cont'd)	<ul style="list-style-type: none"> • Importers or their brokers self-adjust and submit customs data to Revenue Canada manually. • Importers or their brokers currently have a single customs account for payment of customs duties, structured around the account security number. • Importers must pay fees and taxes separately to other government departments and provinces. • Business rules concerning payment due dates, interest calculation and effective start and end dates are specific to the customs program. • Transactions are consolidated on a monthly statement and payment is due at the end of the month. • Payment options include cash or cheque. 	<ul style="list-style-type: none"> • Importers or their brokers would be able to transmit self-adjusted data to Revenue Canada electronically. • Importers would have the option of a single account based on their Business Number for all Revenue Canada programs. This would permit offsets of credits and debits within each program and provide the option of using a broker as a financial intermediary. • The single importer account would be able to accommodate payment of fees and taxes owed to other government departments and other levels of government. • In cooperation with the Department of Finance, Revenue Canada will harmonize business rules across all its programs to the maximum extent possible. • In cooperation with the Department of Finance, Revenue Canada will offer more flexible accounting options. • Payment options will expand to include cash, cheque, electronic funds transfer, or financial institution remittance.
Compliance Verification	<ul style="list-style-type: none"> • Examinations and periodic verifications are selected at random and through limited risk assessment. 	<ul style="list-style-type: none"> • Examinations and periodic verifications will be driven by comprehensive risk management programs, including electronic targeting.

Business Elements	Today	Five Years from Now
Compliance Verification (cont'd)	<ul style="list-style-type: none"> • Revenue Canada carries out some compliance measurement activities (stints). • Risk assessment is based upon transactional reviews and a limited knowledge of the importer's compliance history. • Revenue Canada matches its cargo inventory with release documentation to ensure that goods moving inland are in fact released. • Compliance verification audits of importers can be comprehensive or focused on a single customs program element (e.g., origin, classification, non-account). • Revenue Canada initiates compliance verification activities. • Shipments from outside North America moving in transit through Canada to the United States and vice versa may not be reviewed for contraband and health and safety risks until they reach the destination country. 	<ul style="list-style-type: none"> • Revenue Canada will carry out comprehensive compliance measurement activities which will drive both client service and verification. • Risk assessment will be based on electronic profiles and compliance histories of all parties in the trade chain. • Revenue Canada will audit carrier and freight forwarder records to verify full reporting and that cargo moving inland is in fact released and accounted for. • This verification process could be extended to exporters and other members of the trade chain, or be part of joint audits involving all Revenue Canada programs. • Compliance verification will continue to be initiated by Revenue Canada. However, this activity could be enhanced through a partnership approach with other customs administrations and other government departments. • Shipments from outside North America moving in transit through Canada to the United States and vice versa would be reviewed jointly with United States Customs Service for contraband and health and safety risks, at the first North American marine or airport point of arrival.

Business Elements

Today

Five Years from Now

Sanctions

- | | |
|--|--|
| <ul style="list-style-type: none"> • The sanctions regime does not effectively encourage voluntary compliance as the system: <ul style="list-style-type: none"> ◆ is limited and inflexible (warnings only for travellers and limited monetary penalties); ◆ relies too heavily on seizure action and ascertained forfeiture; and ◆ does not provide the flexibility to apply sanctions proportionate to the severity of the infraction. • The only penalty that is available for certain licencees is the suspension or cancellation of licences. • Criminal prosecution is available where circumstances warrant. | <ul style="list-style-type: none"> • The sanctions regime will be enhanced by an Administrative Monetary Penalty System (AMPS), which will provide an enhanced range of civil penalties to deter non-compliance. AMPS will include: <ul style="list-style-type: none"> ◆ a comprehensive list of monetary penalties to address a wider range of program needs, including sanctions for non-revenue compliance issues. Warnings will also be used and will form part of the compliance history; ◆ seizure will be applied only where contraband or high-risk goods are at issue, or where other serious infractions have occurred; and ◆ penalties will reflect the compliance history of the importer or service provider, as well as the frequency and gravity of the infraction. • Revenue Canada will continue to suspend or cancel licences where the conduct of licencees requires such action. AMPS will provide alternative penalties for minor infractions. • In the case of severe contraventions, such as fraud and smuggling, Revenue Canada will continue to proceed with criminal prosecution. |
|--|--|

Business Elements	Today	Five Years from Now
Redress— Sanctions Disputes	<ul style="list-style-type: none"> • Civil proceedings arising from a physical seizure, ascertained forfeiture, or civil penalties are addressed by an adjudicator under a formal appeal process. There is no other comprehensive customs procedure for the review of minor civil penalties. • For parties with an interest in seized goods, such as a mortgage holder, protection of their interest requires action to the Federal Court or appropriate Provincial Court. • Where civil penalties are assessed via departmental processes, further appeal is to the Federal Court. • In the case of criminal prosecution, the merits of the case are considered by a court of law. Recourse to appeal is by way of application to a higher court of law. 	<ul style="list-style-type: none"> • The Department will implement an internal administrative correction process to complement the independent and formal appeal process. • As a first step, third-party interests will be addressed through departmental processes, and not a court of law. • For all sanctions, further appeal will be made to a court of law. • In the case of criminal prosecution, the merits of the case will continue to be considered by a court of law. Recourse to appeal will continue to be considered by way of application to a higher court of law.
Redress— Trade Disputes	<ul style="list-style-type: none"> • Redetermination processes for origin, tariff classification, and valuation related disputes have recently been amended to: <ul style="list-style-type: none"> ◆ reduce the number of levels of administrative review on issues of true dispute from two to one; ◆ limit the time for filing a dispute to 90 days; ◆ lengthen the time period for importers and brokers to apply for refunds; and 	<ul style="list-style-type: none"> • Existing processes will continue to apply. In addition, departmental processes would be further improved to meet importer needs by: <ul style="list-style-type: none"> ◆ working with importers through Home Regions to resolve issues outside of the formal dispute resolution process; and ◆ extending the timeline for filing a dispute in exceptional circumstances to harmonize with other business lines.

Business Elements	Today	Five Years from Now
Redress – Trade Disputes (cont'd)	<ul style="list-style-type: none"> ◆ make corrections to trade data through a self-adjustment process rather than a formal determination request. ● Importers file requests for redeterminations related to specific transactions. ● Only advanced rulings related to origin and marking are eligible for the formal dispute resolution process prior to importation of the goods. ● Appeals of Deputy Minister's decisions are made to the Canadian International Trade Tribunal. ● Payment or security must be provided prior to filing a dispute. 	<ul style="list-style-type: none"> ● Revenue Canada will continue to address transaction-based requests. However, the Department would also develop issue-based dispute settlement processes, whereby importers can challenge the policy relating to a class of previously imported goods, as opposed to individual transactions. ● In addition to origin and marking, advanced rulings concerning tariff classification and valuation will also be eligible for the formal dispute resolution process prior to importation of the goods. ● Appeals of Deputy Minister's decisions will continue to be made to an independent tribunal and/or a court of law. ● Payment or security would be required only for large assessments and where there is significant revenue risk, for example, when importers have limited assets in Canada.

Large Commercial Business

Initiatives

CLIENT SERVICE

Home Regions

Providing clients with a single window for the delivery of the customs program from the regional office located nearest to the client's head office or, where appropriate, at a mutually acceptable location.

RELEASE

ACROSS and OGD Interface

In partnership with OGDs, expanding the Accelerated Commercial Release Operations Support System (ACROSS) and the Canadian Food Inspection Agency model to allow clients to transmit OGD import requirements electronically.

ACROSS Availability Enhancements

Enhancing ACROSS to ensure continuous availability during core business hours, to speed up release processing to within three minutes, and to handle current and projected capacity, even during peak business periods.

Electronic Commerce Platform (ECP) Re-engineering

Improving the electronic communication of release notification information to clients.

Sufferance Warehouse Modernization

Providing a simpler and more open sufferance warehouse regime to reduce compliance costs and increase competitiveness.

North American Trade Agreement Prototype (NATAP)

Developing a production system to establish common data elements, common electronic data interchange (EDI) messages, and common border processes. This will streamline the release of commercial goods.

Large Commercial Business

Initiatives

RELEASE (cont'd)

Enhanced Option

Providing eligible clients with a service option for certain goods which reduces transactional data requirements, enhances the accounting process, and uses a post-release verification compliance approach.

One-Step Process

Providing clients with the option of transmitting both release and accounting data in *one step* prior to or on arrival of the goods.

Carrier Re-engineering

Modernizing the cargo control system and enhancing the role of carriers to ensure that minimum mandatory data is presented prior to the arrival of the goods at the first point of arrival. This will support the targeting of contraband and health and safety risks, and will expedite release.

International Express Processing

Providing technical assistance to the Heads of Customs Conference and Asia Pacific Economic Cooperation (APEC) forums in the development of the Courier Express Processing Initiative.

NAFTA, G7 and APEC Initiatives

Establishing common data elements, common EDI messages, and common border processes to streamline the release of commercial goods among NAFTA, G7 and APEC trading partners.

ASSESSMENT

Financial Institution Remittance

Allowing clients the option of paying their customs payments in person or by electronic funds transfer (EFT) at the financial institution of their choice.

Large Commercial Business

Initiatives

ASSESSMENT (cont'd)

Accounting

Reviewing accounting processes to determine the extent to which they can be harmonized.

EDI Adjustment

Providing simplified and accelerated processing of adjustments via EDI.

COMPLIANCE VERIFICATION

National Carrier Memorandum of Understanding Program

Developing a National Carrier Memorandum of Understanding (MOU) Program and negotiating MOUs with various carriers to enhance protection.

North American Free Trade Agreement (NAFTA)

Establishing targets for identifying transshipment fraud and promoting cooperation and coordination in contraband detection effort.

Canada/United States of America Accord on Our Shared Border

Testing, assessing and monitoring prototype contraband detection systems.

Customs Officers' Powers

Implementing expanded customs officers' powers under the *Criminal Code*.

Firearms

In accordance with firearms legislation, designing and developing policies, procedures, and systems to facilitate and ensure compliance of individuals and businesses with import and export requirements.

Large Commercial Business Initiatives

COMPLIANCE VERIFICATION (cont'd)

Contraband Targeting Program

Refining of a National Contraband Targeting Program for:
marine vessels and marine containers and all modes of transportation via
highway, air, rail, and postal.

SANCTIONS

Administrative Monetary Penalty System (AMPS)

Enhancing the scope and flexibility of the sanctions regime through
amendments to the *Customs Act* and regulations.

REDRESS

Dispute Resolution Function

Finalizing decision as to the number and location of offices required to process
disputes under the *Customs Act*.

Small and Medium-Sized Enterprises (SMEs)

SMEs — The Engine of Canada's Economy

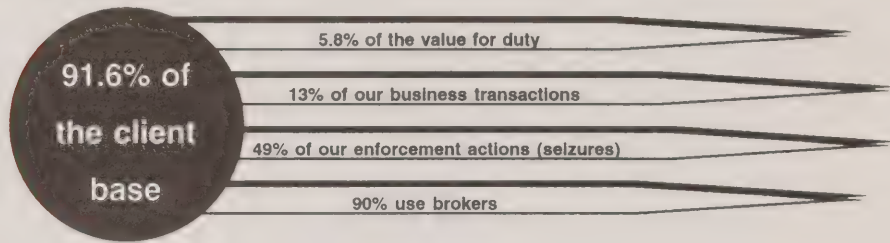
Of the 158,000 Canadian importers, approximately 145,000 are small and medium-sized enterprises (SMEs). These import fewer than 52 times per year, with a total annual value of \$1 million (see chart below). Nearly 42% of SME importers are also exporters. During the 1990s, SMEs have proven to be the engine of growth for the Canadian economy, generating more than 80% of new job opportunities. Similarly, the rising tide of Canadian exports during this same period has been a powerful force behind Canada's economic renewal. SMEs and exports will continue to play important roles in ensuring Canada's continued economic prosperity. Indeed, the objective of the Team Canada missions is to double the number of Canadian SMEs who are exporters by the year 2000.

Distribution of Business by Frequency of Importations				
83,740 importers (53%) enter 1-2 shipments a year	36,340 importers (23%)	25,280 importers (16%)	8% →	12,640 importers (8%)
	1 shipment per month (12 per year)	1 shipment per week (52 per year)		more than 1 shipment per week

Source: Statistics Canada, 1994

Through surveys and consultations, Revenue Canada learned that SMEs have unique needs that are different from those of large commercial business. The vast majority of SMEs are infrequent importers. Seventy-six per cent of Canadian importers import once a month or less (see chart above). While most employ customs brokers to clear their goods, some prefer to do this work themselves. For SMEs who self-clear, each new importation represents a learning process in terms of understanding and applying complex trade rules. SMEs see this process as complex and paper-driven, where little client assistance is available and where the Department's business practices that are followed are not consistent with the way SMEs do business.

Their status as infrequent importers works against SMEs in a number of unusual ways. Trade data errors occur more often because SMEs do not understand the rules and procedures and—since SMEs lack a track record or business history and are prone to errors—their import activities tend to be more closely scrutinized by Revenue Canada. To compound matters, corrupt elements of society often disguise themselves as SME importers in order to smuggle contraband or products that pose a health and safety risk to Canadians.



In general, SMEs will experience facilitated and expedited clearance of their goods. However, to combat contraband and goods that pose a health and safety risk to Canadians, Revenue Canada may engage in some form of intervention or verification for SMEs.

Providing SMEs with tailored client information and assistance so that they understand their obligations should reduce the errors they commit. In addition, providing more flexible service options and adopting current commercial practices should make it simpler and more cost-effective for SMEs or their brokers to comply.

What follows are the design features of a customs process for SMEs who are infrequent importers and who generally self-clear their imports. SMEs who import more frequently may be interested in reading the section which describes the service features available to large commercial business.

Small and Medium-Sized Enterprises (SMEs)

Design Features

Revenue Canada would:

Client Service

1. move from providing general client services to also providing tailored services to help small and medium-sized importers improve compliance and maximize the benefits of trade agreements;

Report and Release

2. move from accepting minimal data to requiring sufficient data to permit targeting of shipments at the first point of arrival;
3. move from domestic requirements and processes to international standardized data and processes;

Assessment

4. move from paper-based services to providing SMEs with access to a range of low-cost electronic service options,
5. move from limited payment options to a broader range of payment options;

Compliance Verification

6. move from limited client assistance and information to providing SMEs with access to a wider range of targeted electronic information and consistent client-oriented service;
7. move from multiple regional contacts to the option of a Home Region to provide the SME with tailored client assistance;
8. move from relying on random and transactional selections and customs officers' intuition to a comprehensive risk management program;

Sanctions

9. move from the current seizure and ascertained forfeiture approach to one of seizure and administrative monetary penalties. This will enable sanctions to match the severity of the infractions or non-compliance;

Redress

10. move from a limited informal review process to an internal administrative correction process to complement the independent and formal appeal process.

Customs Import Process for Small and Medium-Sized Enterprises (SMEs)

Business Elements	Today	Five Years from Now
Client Services	<ul style="list-style-type: none"> • Client service supports voluntary compliance by providing general information, which is available through customs notices, memoranda, rulings and trade shows. • For information and problem resolution, SMEs or their brokers interact with multiple customs offices. • When OGD import requirements must be satisfied, importers or their service providers deal directly with OGD or through Revenue Canada to meet the border requirements. • Customs information is available but is not easily accessible, timely, or tailored to meet SME needs. As a result, voluntary compliance is hampered. 	<ul style="list-style-type: none"> • Client service will be enhanced to support voluntary compliance and ensure that importers obtain maximum benefit from trade agreements. This will be done through a proactive outreach educational program that includes trade fairs and seminars tailored to SME needs to help them understand their customs obligations. • SMEs would have the option of a Home Region, which would provide them with: <ul style="list-style-type: none"> ◆ account assistance and pathfinding services; and ◆ tailored workshops to correct compliance difficulties. • In partnership with OGDs, a single window of service would be provided for all OGD requirements through interfaces or an integrated approach to border management. • The use of the Internet, kiosk technology, and enhanced telephone inquiry services will make customs information accessible to SMEs on a seven-day, 24-hour basis.

Business Elements	Today	Five Years from Now
Report	<ul style="list-style-type: none"> • SMEs register and obtain a Business Number for all Revenue Canada programs. • Registration is completed by mail or fax. • SMEs who transport commercial goods across the border must report to customs at the first point of arrival. • Reporting by SMEs is mostly paper-based. • Current requirements for cargo reporting do not allow for adequate targeting of contraband and health and safety risks at the first point of arrival. 	<ul style="list-style-type: none"> • The use of the Business Number would be expanded to allow SMEs to include programs of other government departments. • In addition to mail or fax, SMEs will be able to register for a Business Number by using the Internet or a workstation in a customs office. • SMEs will still report the commercial goods they are transporting at the first point of arrival. • SMEs will still be able to report by paper or electronically. • An expanded set of mandatory data elements will be required, prior to arrival, so that the risk of contraband or of health and safety violations can be determined at the first point of arrival.
Release	<ul style="list-style-type: none"> • When OGD import requirements must be satisfied, all release packages are reviewed by Revenue Canada and in some cases, also by OGDs. • Most releases require review by a customs officer. 	<ul style="list-style-type: none"> • Through partnership agreements, when OGD import requirements must be satisfied, Revenue Canada may make release decisions on their behalf. • Technology will allow customs officers to focus their detailed reviews on high-risk shipments. In most cases, low-risk shipments will be automatically released if requirements are met.

Business Elements	Today	Five Years from Now
Release (cont'd)	<ul style="list-style-type: none"> • Canada and the United States apply their own customs and immigration laws on their respective sides of the border. • Revenue Canada publishes service standards to inform clients about how long they may expect to wait for customs service. • The Canada Post Corporation releases and collects duty and tax from the importer at time of delivery, on Revenue Canada's behalf. A \$5.00 handling fee is collected by the Canada Post Corporation from the importer. 	<ul style="list-style-type: none"> • Canada and the United States would be able to apply their customs and immigration laws in designated areas in the other country. • Revenue Canada will, on an annual basis, report publicly on its performance against service standards for every site in Canada. • The process will be re-engineered to streamline assessment and collection procedures.
Assessment	<ul style="list-style-type: none"> • SMEs usually: <ul style="list-style-type: none"> ◆ account manually for trade data in one step; or ◆ account electronically through a broker using a two-step process. • SMEs are responsible for self-assessment with minimal assistance from Revenue Canada. 	<ul style="list-style-type: none"> • SMEs will have the option of providing the data required in one or two steps, manually or electronically. • SMEs would be able to self-assess by relying on: <ul style="list-style-type: none"> ◆ A Commercial Cash Entry Processing System (CCEPS) workstation that has user-friendly assessment software; ◆ A kiosk featuring touch-screen technology; ◆ Expanded client-oriented assistance to help complete customs forms; and ◆ The Virtual Customs Office (VCO) which could offer transaction processing over the Internet.

Business Elements	Today	Five Years from Now
Assessment (cont'd)	<ul style="list-style-type: none"> • Commercial mail items valued at over the \$1,600 low-value shipment threshold are detained by customs until the duty and tax are paid. • SMEs or their brokers file paper-based self-adjustments. • SMEs or their brokers have a single customs account for payment of customs duties, structured around the account security number. • SMEs must pay fees and taxes separately to other government departments and provinces. • Business rules concerning payment due dates, interest calculation, and effective start and end dates are specific to the customs program. 	<ul style="list-style-type: none"> • Commercial mail items valued at over the low-value shipment threshold will continue to be detained; however, the SME can use the one- or two-step release and accounting process. • SMEs or their brokers will continue to be able to file paper-based self-adjustments at their local customs office. • SMEs or their brokers will be able to make adjustments electronically through a virtual customs office. • SMEs would have the option of a single account based on their Business Number for all Revenue Canada programs. This would permit offsets of credits and debits within each program, and would provide the option of using a broker as a financial intermediary. • A single SME account would accommodate payment of fees and taxes owed to other government departments and other levels of government. • In cooperation with the Department of Finance, Revenue Canada will harmonize business rules across all its programs to the maximum extent possible.

Business Elements	Today	Five Years from Now
Assessment (cont'd)	<ul style="list-style-type: none"> • Payment options include cash, cheque, or credit cards. 	<ul style="list-style-type: none"> • Payment options will expand to include: <ul style="list-style-type: none"> ◆ automated banking machines (ABM) or debit cards; ◆ credit cards (through the Internet); ◆ electronic funds transfer; or ◆ financial institution remittance.
Compliance Verification	<ul style="list-style-type: none"> • Examinations and periodic verifications are selected at random and through limited risk assessment. • SMEs' imports may be subject to post-importation review depending on risk and compliance history. • Risk assessment is based upon transactional reviews and a limited knowledge of the importer's compliance history. 	<ul style="list-style-type: none"> • Examinations and periodic verifications will be driven by comprehensive risk management programs, including electronic targeting. • Depending on risk and compliance history, SMEs can expect that verification activities will occur at the first point of arrival. However, on occasion, Revenue Canada may conduct a review of a small or medium-sized enterprise's books and records to determine compliance. • Risk assessment will be based on electronic profiles, compliance histories, and assessment of pre-arrival data.
Sanctions	<ul style="list-style-type: none"> • The sanctions regime does not effectively encourage voluntary compliance as the system: <ul style="list-style-type: none"> ◆ is limited and inflexible (warnings are for travellers only and limited monetary penalties); ◆ relies too heavily on seizure action and ascertained forfeiture; and 	<ul style="list-style-type: none"> • The sanctions regime will be enhanced by an Administrative Monetary Penalty System (AMPS), which will provide an enhanced range of civil penalties to deter non-compliance. AMPS will include: <ul style="list-style-type: none"> ◆ a comprehensive list of monetary penalties to address a wider range of program needs, including sanctions for

Business Elements	Today	Five Years from Now
Sanctions (cont'd)	<ul style="list-style-type: none"> ◆ does not provide the flexibility to apply sanctions proportionate to the severity of the infraction. ● Criminal prosecution is available where circumstances warrant. 	<p>non-revenue compliance issues. Warnings will also be used and will form part of the compliance history;</p> <ul style="list-style-type: none"> ◆ seizure will be applied only where contraband or high-risk goods are at issue, or where other serious infractions have occurred; and ◆ penalties will reflect the compliance history of the SME and service provider, as well as the frequency and gravity of the infraction. <ul style="list-style-type: none"> ● In the case of severe contraventions, such as fraud and smuggling, Revenue Canada will continue to proceed with criminal prosecution.
Redress – Sanctions Disputes	<ul style="list-style-type: none"> ● Civil proceedings arising from a physical seizure, ascertained forfeiture, or civil penalties are addressed by an adjudicator under a formal appeal process. There is no other comprehensive customs procedure for the review of minor civil penalties. ● For parties with an interest in seized goods, such as a mortgage holder, protection of their interest requires action to the Federal Court or appropriate Provincial Court. ● Where civil penalties are assessed via departmental processes, further appeal is made to the Federal Court. 	<ul style="list-style-type: none"> ● The Department will implement an internal administrative correction process to complement the independent and formal appeal process. ● As a first step, third-party interests will be addressed through departmental processes and not initially through a court of law. ● For all sanctions, further appeal will be made to a court of law.

Business Elements	Today	Five Years from Now
Redress— Sanctions Disputes (cont'd)	<ul style="list-style-type: none"> • In the case of criminal prosecution, the merits of the case are considered by a court of law, and recourse to appeal is by way of application to a higher court of law. 	<ul style="list-style-type: none"> • In the case of criminal prosecution, the merits of the case will continue to be considered by a court of law, and recourse to appeal will continue to be considered by way of application to a higher court of law.
Redress— Trade Disputes	<ul style="list-style-type: none"> • Redetermination processes for origin, tariff classification, and valuation related disputes have recently been amended to: <ul style="list-style-type: none"> ◆ reduce the number of levels of administrative review on issues of true dispute from two to one; ◆ limit the time for filing a dispute to 90 days; ◆ lengthen the time period for SMEs and brokers to apply for refunds; and ◆ file corrections to trade data through a self-adjustment process, rather than a formal determination process. • SMEs file requests for redeterminations related to specific transactions. • Only advanced rulings related to origin and marking are eligible for the formal dispute resolution process prior to importation of the goods. 	<ul style="list-style-type: none"> • Existing processes will continue to apply. In addition, departmental processes would be further improved to meet SME needs by: <ul style="list-style-type: none"> ◆ working with SMEs through Home Regions to resolve issues outside of the formal dispute resolution process; and ◆ extending the timeline for filing a dispute in exceptional circumstances to harmonize with other business lines. • Revenue Canada will continue to address transaction-based requests. However, the Department would also develop settlement processes, whereby SMEs can challenge the policy relating to a class of previously imported goods, as opposed to individual transactions. • In addition to origin and marking, advanced rulings concerning tariff classification and valuation will also be eligible for the formal dispute resolution process prior to importation of the goods.

Business Elements	Today	Five Years from Now
Redress – Trade Disputes (cont'd)	<ul style="list-style-type: none"> • Appeals of Deputy Minister's decisions are made to the Canadian International Trade Tribunal. • Payment or security must be provided prior to filing a dispute. 	<ul style="list-style-type: none"> • Appeals of Deputy Minister's decisions will continue to be made to an independent tribunal and/or a court of law. • Payment or security would be required only for large assessments and where there is significant revenue risk, for example, when SMEs have limited assets in Canada.

Small and Medium-Sized Enterprises (SMEs)

Initiatives

CLIENT SERVICE

Automated Customs Information Service (ACIS) Re-engineering

Upgrading technology to improve customer service and provide a more cost-effective program for telephone inquiries.

Virtual Customs Office (VCO)

Using Internet technology to provide a convenient and simple way to:

- obtain timely and relevant customs information (e.g. customs notices, rulings, and memoranda);
- electronically complete customs trade data forms for presentation to a customs office;
- use an electronic one-step process including payment (credit card or electronic funds transfer), except where goods are subject to permits or duty relief;
- make electronic adjustments to trade data;
- use the electronic one-step process for goods subject to OGD requirements.

Client Service Strategy

Providing a client service strategy to focus on and improve voluntary compliance (e.g., kiosks, telephone service).

Home Regions

Providing SMEs with the option of a single window for the delivery of the customs program from the regional office located nearest to the client's head office or, where appropriate, at a mutually acceptable location, in a phased approach.

Small and Medium-Sized Enterprises (SMEs)

Initiatives

RELEASE

ACROSS and OGD Interface

In partnership with OGDs, expanding the Accelerated Commercial Release Operations Support System (ACROSS) and the Canadian Food Inspection Agency model to allow clients to transmit OGD import requirements electronically. This will facilitate the release of goods at the border.

ACROSS Availability Enhancements

Enhancing ACROSS to ensure continuous availability during core business hours, speed up release processing to within three minutes, and to handle current and projected capacity, even during peak business periods.

Electronic Commerce Platform (ECP) Re-engineering

Improving the electronic communication of release notification information to clients.

North American Trade Agreement Prototype (NATAP)

Developing production system to establish common data elements, common electronic data interchange (EDI) messages, and common border processes to streamline the release of commercial goods.

Enhanced Option

Providing eligible clients with a service option for certain goods which reduces transactional data requirements, enhances the accounting process, and uses a post-release verification compliance approach.

One-Step Process

Providing clients with the option of transmitting both release and accounting data in *one step* prior to or on arrival of the goods.

International Express Processing

Providing technical assistance to the Heads of Customs Conference and Asia Pacific Economic Cooperation (APEC) forums in the development of the Courier Express Processing Initiative.

Small and Medium-Sized Enterprises (SMEs)

Initiatives

RELEASE (cont'd)

NAFTA, G7 and APEC Initiatives

Establishing common data elements, common EDI messages and common border processes among NAFTA, G7 and APEC trading partners to streamline the release of commercial goods.

Postal Re-engineering

The process will be re-engineered to streamline assessment and collection procedures.

ASSESSMENT

Commercial Cash Entry Processing System (CCEPS)

Facilitating the entry, preparation and payment processes for small businesses that deal with Revenue Canada on a transactional basis.

Debit Cards

Allowing clients the option of paying duty and tax with a debit card.

Financial Institution Remittance

Allowing clients the option of paying their customs payments in person or by electronic funds transfer (EFT) at the financial institution of their choice.

Accounting

Reviewing accounting processes to determine the extent to which they can be harmonized.

EDI Adjustment

Providing simplified and accelerated processing of adjustments via EDI.

Small and Medium-Sized Enterprises (SMEs)

Initiatives

COMPLIANCE VERIFICATION

North American Free Trade Agreement (NAFTA)

Establishing targets for identifying transshipment fraud and promoting cooperation and coordination in contraband effort.

Canada/United States Accord on Our Shared Border

Testing, assessing and monitoring prototype contraband detection systems.

Customs Officers' Powers

Implementing expanded customs officers' powers under the *Criminal Code*.

Firearms

In accordance with firearms legislation, designing and developing policies, procedures, and systems to facilitate and ensure compliance of individuals and businesses with import and export requirements.

Contraband Targeting Program

Refining of a National Contraband Targeting Program for: marine vessels and marine containers and all modes of transportation via highway, air, rail, and postal.

SANCTIONS

Administrative Monetary Penalty System (AMPS)

Enhancing the scope and flexibility of the sanctions regime through amendments to the *Customs Act* and regulations.

REDRESS

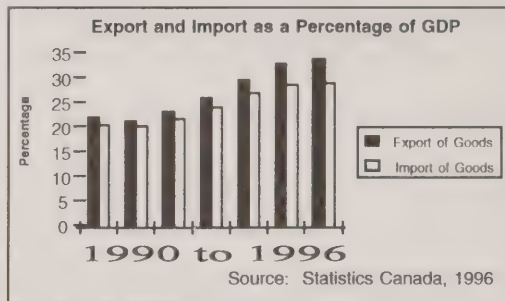
Dispute Resolution Function

Finalizing the decision as to the number and locations of offices required to process disputes under the *Customs Act*.

Exporters

The New Focus

In 1995, there were approximately 90,000 exporters, of which some 9,000 accounted for 95 per cent of the value of goods leaving Canada. Canada's growth of exports has been constant throughout the decade and, in 1996, goods exported reached a record high of 31.96 per cent of the gross domestic product (GDP).



In the global market-place, competitiveness is key to the success of Canadian businesses. The importance of exports is illustrated by the fact that the Department of Foreign Affairs and International Trade estimates that 11,000 Canadian jobs result from every \$1 billion in trade.

International trade is extremely important to the Canadian economy, which is arguably the most totally integrated and open economy in the world. The economy is just as dependent on exports as it is on imports. In fact, in comparison with our major G7 trading partners, Canada is far more reliant on its export trade.

Country	Canada	United States	France	Italy	United Kingdom	Germany	Japan
Exports 1995 US\$ billions	179.0	541.4	283.6	231.2	202.2	423.1	442.9
Percentage of GDP	31.96	7.79	18.45	21.27	18.38	17.54	8.66

Source: Statistics Canada, 1996

The challenge for Canada is to capture new direct investment in Canada and to build on Canada's success in acquiring new business in world markets. The Government's goal, led by Team Canada, is to double the number of successful exporters by the year 2000, with particular focus on small and medium-sized enterprises (SME).

Revenue Canada has a major role to play in this ambitious economic trade agenda. This mandate includes protecting Canadians and the international community from dangerous or illegal goods and enhancing the international competitiveness of Canadian exports.

The accurate reporting of exports is required to support Canada's balance of trade statistics. The Memorandum of Understanding (MOU) between Canada and the United States on the exchange of each other's import data — as the basis for export statistics — relieves clients of the need to report goods destined for the United States. Reporting is still required, however, for all exports destined for any other country, including those transshipped through the United States.

Under-reporting of trade data for direct exports to destinations other than the United States by marine and air averages 10 per cent. Reporting verification checks undertaken in 1995 on in-transit movements through the United States indicated an average of 75 per cent under-reporting. Though a number of initiatives, such as monthly summary reporting, have been put in place to foster higher levels of compliance, under-reporting has been a serious concern. Discussions are ongoing with the United States to include in-transit information exchanges in the current MOU. On the technology side, the Canadian Automated Export Declaration (CAED) system has been developed to facilitate export reporting.

On the enforcement front, Canada has historically regulated the export of certain goods. For example, an export control program is in place for high-tech and military exports. However, as Canada broadens its international commitment to protection, Revenue Canada will take on more responsibilities to control such things as endangered species, cultural property, and hazardous waste. As a result, there will be a need to develop a more viable and comprehensive export infrastructure to support export control.

Revenue Canada is also taking a lead role in creating an environment that facilitates the movement of Canadian goods into the international market-place. In a market-place that demands multi-sourcing and just-in-time inventories, Canadian exporters need easy access to foreign markets and a seamless process for getting their goods to their customers. To position Canadian businesses to take advantage of export opportunities, Revenue Canada will continue to promote the adoption of standard international customs procedures and common data elements. Revenue Canada will also provide Canadian exporters with customs support to ensure that they are ideally placed to take full advantage of international trade agreements.

Exporters Design Features

Revenue Canada would:

Client Service

1. move from providing general client services to also providing a tailored educational outreach program;
2. continue to work within international organizations to promote standard customs procedures and to advance Canadian exporter interests;

Report and Release

3. move from a paper-based to a mandatory electronic environment;
4. move from accepting minimal information to requiring sufficient data to permit targeting and risk assessment, prior to the exportation of goods;
5. move from domestic data requirements to a harmonized international set of data elements to streamline the export of commercial goods, beginning with the G7 and APEC trading partners;

Compliance Verification

6. expand work with other customs administrations, OGDs and other levels of government to enhance compliance verification;
7. conduct compliance verification using risk assessment based on electronic profiles, compliance histories, and export data;
8. establish a coordinated import/export examination program under the *Canada/United States of America Accord on Our Shared Border* and the Heads of Customs Conference (HCC), where customs administrations review the other country's export requirements at the time of import into their own country to help control the export of goods. The customs administrations would share results;
9. renegotiate the Memorandum of Understanding (MOU) with Statistics Canada, U.S. Customs Service, and U.S. Bureau of Census to access all export information, including in-transit information, to facilitate compliance verification;

Sanctions

10. move from the current seizure and ascertained forfeiture approach to one of seizure and administrative monetary penalties. This will enable sanctions to match the severity of the infractions or non-compliance;

Redress

11. move from a limited informal review process to an internal administrative correction process to complement the independent and formal appeal process.

Customs Process for Exporters

Business Elements	Today	Five Years from Now
Client Services	<ul style="list-style-type: none"> • Client service supports voluntary compliance by providing general information, which is available through customs notices, memoranda, rulings, trade shows, and other government initiatives such as EXPORT SOURCE. 	<ul style="list-style-type: none"> • Client service will be enhanced to support voluntary compliance, as well as ensure that exporters obtain maximum benefit from trade agreements and have access to the requirements of other customs administrations. This will be done through a proactive outreach educational program tailored to exporter needs to help them understand their customs obligations.
Report	<ul style="list-style-type: none"> • Transportation documents are paper-based. • Exporters register and obtain a Business Number for all Revenue Canada programs. • Export cargo reporting does not allow for adequate targeting of contraband, illegal exports, or health and safety risks. 	<ul style="list-style-type: none"> • Mode dependent transportation data, where required, would be reported electronically. • Canada and the United States would monitor each other's export requirements at time of import. • The use of the Business Number would be expanded to allow exporters to include programs of other government departments. • Mandatory data elements will be required. Risk assessment will be based on electronic profiles, compliance histories, and assessment of data reported to Revenue Canada prior to export.

Business Elements	Today	Five Years from Now
Report (cont'd)	<ul style="list-style-type: none"> • For controlled, regulated or prohibited goods, a licence, certificate, or permit must be submitted to Revenue Canada prior to export. • Exporters that are required to report their goods have three options: <ul style="list-style-type: none"> ◆ transactional documents; ◆ summary reporting; or ◆ Canadian Automated Export Declaration (CAED). 	<ul style="list-style-type: none"> • Permit, certificate, and licence data will be provided to Revenue Canada electronically. • All reporting of exports would be completed electronically.
Compliance Verification	<ul style="list-style-type: none"> • Non-controlled goods destined for consumption in the United States do not require an export declaration for statistical purposes. • Examinations and periodic verifications are selected at random and through limited risk assessment. • Exporters' books and records are verified as part of an ongoing investigation and as a follow-up to a customs seizure. 	<ul style="list-style-type: none"> • The Memorandum of Understanding with Statistics Canada, United States Customs Service and United States Bureau of Census will be reviewed to determine if renegotiation to allow access to individual export data by Revenue Canada is possible. • Examinations and periodic verifications will be driven by comprehensive risk management programs, including electronic targeting. • Periodic verifications will be expanded to include exports, will be conducted concurrently, and will also be used to educate exporters on obligations and entitlements.

Business Elements	Today	Five Years from Now
Compliance Verification (cont'd)	<ul style="list-style-type: none"> • Shipments from outside North America moving in transit through Canada and the United States may not be reviewed for contraband and health and safety risks until they reach the destination country. • Exporters rely on generic publications for export information, e.g., customs notices and Memoranda. 	<ul style="list-style-type: none"> • Shipments from outside North America moving in transit through Canada and the United States would be reviewed jointly with United States Customs Service for contraband and health and safety risks at the first North American point of arrival. • A proactive, tailored educational outreach program will help exporters meet acceptable compliance levels and take advantage of entitlements.
Sanctions	<ul style="list-style-type: none"> • Sanctions for export are limited to seizure, ascertained forfeiture, and terms of release. 	<ul style="list-style-type: none"> • The Administrative Monetary Penalty System (AMPS), as described in the section on large commercial business, will be applied to exports.
Redress	<ul style="list-style-type: none"> • Redress for exports is the same as described in the section on large commercial business. 	<ul style="list-style-type: none"> • The redress process being introduced as part of AMPS, as described in the section on large commercial business, will be applied to exports.

Exporters

Initiatives

CLIENT SERVICE

Canadian Automated Export Declaration (CAED) Program

Continuous migration by exporters onto electronic reporting through the CAED system. The CAED software has streamlined the collection of export data and simplifies the process of reporting exports for the exporting community.

Export Legislation

Exploring opportunities and options for new export reporting requirements, which will result in revisions to export legislation.

RELEASE

Carrier Re-engineering

Modernizing the cargo control system and enhancing the role of carriers to ensure that minimum mandatory data are presented prior to the exit of the goods to support targeting to ensure compliance.

NAFTA, G7 and APEC Initiatives

Establishing common data elements, common EDI messages, and common border processes to streamline the export of commercial goods among NAFTA, G7 and APEC trading partners.

COMPLIANCE VERIFICATION

Strategic Exports Strategy

- a) Implementing an industrial awareness campaign to gain the cooperation of the exporting community in reporting goods and identifying possible violators related to strategic, controlled, and regulated exports.
- b) Utilizing EDI reports, implementing a program for the selective targeting and monitoring of strategic, controlled, regulated, and prohibited goods being exported.

Exporters

Initiatives

COMPLIANCE VERIFICATION (cont'd)

Exporter Support

Promoting the adoption of Canadian customs processes to facilitate access by Canadian businesses to the international market-place.

Memorandum of Understanding with U.S. Customs Service and U.S. Bureau of Census

Ongoing discussions to explore the expansion of the MOU to include the exchange of export and import information for customs monitoring and protection purposes.

Periodic Verification Audits

Conducting research into the feasibility of performing periodic verification audits of exporters.

SANCTIONS

Export Penalties Regime

Including exporters in the administrative monetary penalty regime.

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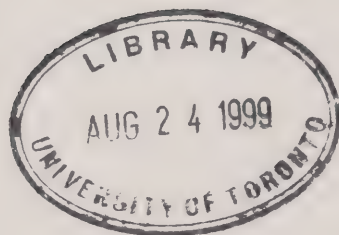
Customs and Trade Administration Blueprint

Travellers

Consultation Workbook

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Introduction

Competitiveness and Protection

Revenue Canada has a critical role to play in:

- **protecting Canadians and Canadian society**, by impeding the flow of inadmissible people and dangerous or illegal goods across our borders; and
- **enhancing the competitiveness of Canadian business**, by facilitating the movement of legitimate travellers and commercial goods, reducing compliance costs, and maintaining a level playing-field, both among Canadian businesses and with foreign competitors.

In the past, Revenue Canada tended to deal with these two business lines of its customs mandate in isolation, but in fact they are interdependent. The Department must constantly deal with both legal and illegal activity at the border. The same people who want facilitated processes for commercial goods and travellers also want the Government to ensure that their communities are safe and their families are protected. Faced with these realities, Revenue Canada realizes that it must test its processes and systems and determine what interventions to make against the backdrop of a single mandate that encompasses both protection and competitiveness.

Operating in *Real Time*

Unlike many other government organizations, Canada's customs organization operates in *real time*. Simply put, this means that the Department has little control over when people or goods arrive at the border, and has no option but to provide immediate service. Revenue Canada's ability to respond in *real time* is critical to the growth of the Canadian economy. Given the country's growing dependence on international trade and tourism, the Department must ensure that it does not become a roadblock to legitimate activity.

Commercial goods arriving at the border must be processed as quickly as possible, in order to keep production lines operating on schedule and to encourage foreign investment in Canada. Likewise, travellers must be processed quickly and efficiently, to facilitate business travel and to help make Canada an attractive tourist destination. Also, contraband must be found and seized before it enters the country. The need to operate in this *real time* environment is a fact of life and a determining factor in the Department's decisions as to where, when, and how customs service is provided, now and in the future.

The Department also recognizes that efficient processes are not enough to assure real time service; physical infrastructure at and near the border must be able to accommodate the volumes of people and goods. Revenue Canada will continue to work with Transport Canada, provinces and border facility owners in reviewing requirements for the roads, bridges and ports that serve as Canada's trade corridors.

The Business of Customs

Customs administrations around the world follow essentially the same basic customs process. In Canada, the elements of this process are defined as follows:

- **Report** is the requirement for all people entering or leaving Canada to provide information on themselves and the goods in their care.
- **Release** is the decision to allow people to enter Canada, to allow goods to enter the economy, or, in the export process, to allow goods to leave the country.
- **Assessment** is the requirement to provide further information to support the calculation and payment of duty and tax, and to support the statistical trade data needed by both industry and Government.
- **Compliance verification** is any activity undertaken by Revenue Canada to detect contraband and/or to ensure that people or goods have met all legal obligations and responsibilities.
- **Sanctions** are any actions initiated by Revenue Canada that penalize a person or business for non-compliance.
- **Redress** is the opportunity for a person or business to challenge a departmental decision or to request relief from any sanction imposed by Revenue Canada.

These elements, linked together, form the Canadian customs process. While the elements themselves have not changed, Revenue Canada has changed the way it manages them.

To enhance the delivery of the customs process, the Department has developed an extensive service program that runs through all of the business elements. Moreover, the Department continues to work in partnership with traders and travellers to improve service delivery and to provide more accessible and flexible options.

Customs Today – The 1990s

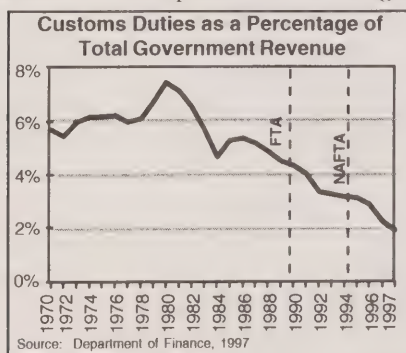
The Global Village and Customs: The Drive to Consult and Re-engineer

The evolving business environment of the 1990s can be characterized by five major trends:

- ① trade liberalization and business opportunities and challenges;
- ② rapid advancements in technology;
- ③ growth in concern over the protection of Canadian society;
- ④ increasing volumes of both people and goods crossing the border; and
- ⑤ the demand for good government at a reasonable cost.

Trade Liberalization – Business Opportunities and Challenges

Although the collection of duty and tax, including the goods and services tax (GST), remains an important function at the border, revenues from customs duty have steadily decreased due to free trade. As global trade and economic pressures increase, agreements such as the North American Free Trade Agreement (NAFTA) are removing duties and other barriers that prevent Canadian business from taking full advantage of opportunities in foreign markets. At the same time, the international rules to obtain duty-free treatment are numerous and complex. These rules, most of which pertain to the origin of goods, represent new conditions



which must be managed by all players seeking access to free trade. For example, the source of inputs, the degree of further manufacture, and the cost of production are all factors which influence decisions as to whether the conditions for duty-free treatment have been met. The complexity of these rules, compounded by the increasing global integration of production,

distribution, and investment, has made compliance with import and export legislation a challenge. Meeting this challenge requires a degree of business planning much like that which business puts into tax planning today. The recent free trade agreements with Israel and Chile will undoubtedly be followed by others, as the Canadian Government is actively pursuing further market opportunities for Canadian business.

Rapid Advancements in Technology

The growth of information technology has resulted in an unrestricted and rapid flow of information around the world, as well as a dramatic increase in the use of electronic commerce. Large and small businesses, as well as individuals, have embraced technology and electronic commerce as the most efficient means of exchanging data and transferring funds. Technology options vary from large mainframe-based systems using dedicated lines to personal computer-based options which use the Internet as a communications vehicle. By providing service for a variety of these options, the Department will be able to meet the needs of all types and sizes of clientele. Like business, the Department will have to continually rethink and reassess its use of technology in delivering services and targeting non-compliance so that it can take full advantage of new developments.

Growth in Concerns over Protection of Canadian Society

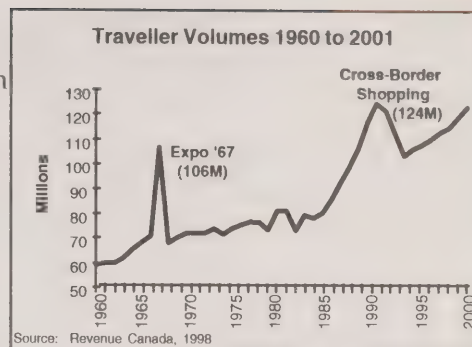
During the 1990s, smuggling has stretched border controls to the limit. With the steady growth in international trade and travel, crimes such as smuggling, cross-border fraud, and illegal migration have continued to grow. By 1996, customs officers across Canada had seized billions of dollars in contraband drugs, alcohol, and tobacco. The annual value of the illegal drug market in Canada is estimated at \$7 to \$10 billion. Police report that drugs are more readily available at street level, where purity has increased and prices have dropped. This indicates that large amounts of drugs continue to be smuggled into Canada. By contrast, liquor and tobacco seizures have dropped over the past several years. This is due largely to reduced taxes on tobacco products and increased enforcement capabilities. Moreover, the criminal element has become more sophisticated in its methods and more international in its scope. Canadians have also become greatly concerned about dangerous chemicals, waste products, the spread of disease, the illegal export of weapons and technology, and the increase in violent incidents involving firearms.

More People and Goods

Throughout the 1990s, the volume of trade has continued to increase, putting an enormous strain on existing processes and systems. Commercial import entries into Canada rose from 8.4 million in 1986 to 10.1 million in 1996, an increase of almost 20%. It is expected that this trend will continue and that volumes will rise to approximately 13.6 million commercial import entries by 2003.

The volume of people crossing the border has also risen dramatically. Millions of Canadians travelled to the United States in the early 1990s,

creating a cross-border shopping phenomenon in response to the relatively high value of the Canadian dollar. While the cross-border shopping surge subsided with an economic downturn, the lure of casinos, the deregulation of the airline industry (Open Skies Agreement), and the expansion of Canada's tourism industry have all contributed to a continued growth in the volume of tourists and business travellers crossing the border. In 1997, more than 108 million travellers entered Canada, compared to approximately 90 million in 1987. Given the trends, it is projected that 123 million travellers will be entering Canada annually by 2003.



Good Government at Reasonable Cost

Faced with demands for improved openness, accountability, and service, governments around the world are rethinking and re-engineering the way in which they operate. The pressures of debt and deficit reduction provided a political stimulus to develop new client-centred government services that could yield even more cost savings. The need to be efficient and cost-effective is not limited to the business community. After a period marked by program review and transformation in the Public Service, Canadian government program spending will account for only 12.4% of Canada's gross domestic product (GDP) in 1997-98, compared to 16.6% in 1993-94. Program spending will continue to decline relative to the size of the economy. It is projected to fall to 11.5% of the GDP in 1999-2000 — the lowest level in 50 years.

For Revenue Canada, this has meant finding new and better ways to ensure compliance with the law, while reducing costs for both the Department and its clients. In 1992, Revenue Canada began the process of integrating departmental programs and services that have common clientele. This will reduce overlap and duplication and provide for a stronger client service orientation, which will be further strengthened by the move to agency status in 1999.

Competing Demands

The rapidly evolving environment of the 1990s is placing tough demands on everyone, including Revenue Canada. The ongoing challenge for the Department is to find the right mix of activities to respond to competing demands from:

- the public for better protection;
- the trading community for fast and efficient customs service and a level playing-field;
- the tourism industry for quick and simple processing of international travellers;
- other government departments (OGDs) for single-window administration of their legislation at the border; and
- Canadians for good government at a reasonable cost.

Consultations and Lessons Learned

In response to these competing demands, the Department began an extensive process of consultations and tests with its clients and stakeholders at the same time as it implemented a number of process and system improvements. These initiatives included:

- *Customs 2000: Blueprint for the Future*, which set out a vision of how the Department planned to conduct business in the traveller, commercial, and enforcement environments (1990);
- the *Customs Act Review*, which involved a fundamental review of the statutory and regulatory framework which supports the customs program (1991);
- a comprehensive client survey concerning the delivery of the commercial process (1995);
- the New Business Relationship Initiative, which focused on the needs of commercial importers (1992);
- consultations with small and medium-sized enterprises (SMEs) focusing on their unique needs (1995);
- consultations with municipalities and business retail groups on Customs' role in cross-border shopping (1991);
- ongoing consultations and partnerships with local, national, and international enforcement agencies to stem the flow of contraband; and
- traveller focus group results (1994), surveys of travellers (ongoing since 1993) and compliance studies (since 1991) have helped us develop national client profiles and establish the level of client satisfaction with our services.

The lessons learned from this process provided the basis for a renewed vision for the future.

A Vision for the Future

The vision for the future, outlined in the *Customs and Trade Administration Blueprint: A Discussion Paper*, is expressed in terms of a series of commitments which echo the feedback we got from our clients and the lessons we learned over the last decade.

- **Simple and consistent services.** Both traders and travellers want customs services that facilitate compliance and are standard across the nation.

Therefore, we will continue to improve service.

- **Equal competitive advantage.** Traders and travellers want assurances that the rules are applied consistently and that no one has an unfair advantage.

Therefore, we will ensure that business and travellers play by the rules.

- **Safe homes and streets.** Canadians want a customs administration that allows freedom of trade and travel, while preventing the entry of people and goods that would threaten their health and safety.

Therefore, we will intensify our efforts to stop illegal activity and threats to health and safety.

- **More certain international trade and travel.** Business clients and the public at large want customs policies and procedures that bring more certainty to trade and travel so they know what to expect and can make better decisions.

Therefore, we will promote certainty and consistency for exporters and for Canadians travelling abroad.

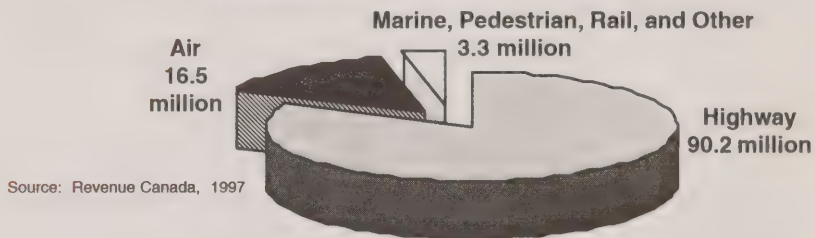
The commitments, as expressed in the *Blueprint*, will be fulfilled for each of our client groups through a set of strategic design features which characterize the changes we foresee taking place. This workbook restates the design features in practical terms, relating them to the elements of the customs process for travellers. The design features will be the basis for consultations, which will enable the Department, our clients and stakeholders, to work together to identify priorities and develop a final plan. Following the design features is a chart illustrating how the process works now compared to how it could look in five years, supported by a list of current and planned initiatives.

Travellers

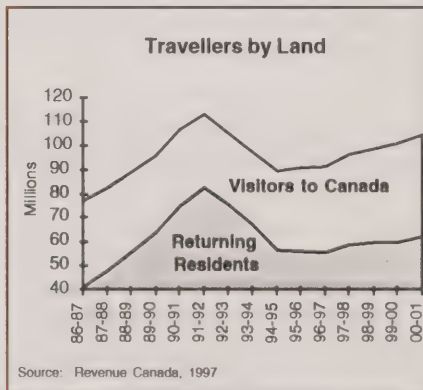
People on the Move

Each year, approximately 108 million travellers enter Canada at more than 297 locations. Of these, 58 million are returning Canadians. The rest are foreign tourists and business travellers, 95% of whom are from the United States. Travellers arrive by a variety of modes, such as automobile, airplane, boat, train, bus, snowmobile, and on foot. The majority enter either by air or by highway. The airports in Montréal, Toronto, and Vancouver account for 86% of international air traffic, while 46% of the total highway traffic is concentrated in Southern Ontario.

Travellers by Mode of Transportation



Volumes. Projections indicate that traveller volumes will continue to rise, particularly at major airports. Air travel has been increasing in volume since the 1980s — a trend that has been accelerated by the Open Skies Agreement of 1995. Since 1991-92, the number of travellers entering Canada by air has increased by 33% — from 12.3 million to 16.5 million—and is expected to reach 18 million by the end of the century.



The tourism industry, business, and individual travellers expect fast and efficient processes for entering Canada. Revenue Canada recognizes that business travellers and tourists are key to the continued success and growth of the Canadian economy. Last year, for example, approximately 500,000* jobs were directly related to tourism in Canada. Tourism from the United States is expected to continue to increase by 2% annually.

The sheer number of travellers, whether they are returning Canadians, tourists, or foreign business people, represents a major challenge for Revenue Canada in determining which travellers are high risk. This challenge is compounded by the concentration of travellers arriving during peak periods, on a seasonal basis, and at certain locations.

Risk can be characterized in terms of either individual travellers or their accompanying goods. The potential risks associated with travellers include terrorism, child abduction, illegal migration, money laundering, and the spread of infectious or contagious diseases, such as Ebola. The risks associated with accompanying goods include illegal drugs, illegal weapons, contaminated animal or plant products, and other prohibited goods.

According to recent statistics, approximately 96.6% of travellers entering Canada at the land border and 94% of those arriving by air comply voluntarily. However, those who choose not to comply present serious risks for Canadians. While some non-compliance is deliberate, such as drug smuggling, it can also be unintentional. Either way, it poses a threat. The traveller who unknowingly imports contaminated meat products, for example, can seriously harm the Canadian agricultural industry.

* Source: Canadian Tourism Commission, November 1997

Travellers Design Features

Revenue Canada would:

Client Service

1. move from providing general client service to also providing tailor-made services for travellers based on the level of risk, e.g., point of origin, mode of arrival, traveller profile;
2. move from limited traveller information programs to tailored information and educational programs based on the needs of identified client groups;
3. move from consultative processes to collaborative arrangements with government and industry;
4. move from modest cooperative efforts with the United States to full joint development and delivery of common programs, including single enrolment for all permit-holders;

Report and Release

5. move from interviewing travellers at the first point of arrival to using advance information to determine admissibility before arrival for many low-risk travellers;
6. move to more flexible inspection processes that are integrated with services offered by other government departments (OGDs) and private industry;

Assessment

7. move from manual processes for identity verification and payment of duty and tax to fully automated, self-service options;

Compliance Verification

8. move from managing risk by random sampling and officer referral to using a broader range of information and new technology which would identify high-risk travellers, predict and detect non-compliance, and bridge enforcement gaps;

Sanctions

9. move from the current seizure and ascertained forfeiture approach to one of seizure and administrative monetary penalties. This will enable sanctions to match the severity of the infractions or non-compliance;

Redress

10. move from a limited informal review process to an internal administrative correction process to complement the independent and formal appeal process.

Customs Process for Travellers

Business Elements	Today	Five Years from Now
MAJOR AIRPORTS Report and Release	<ul style="list-style-type: none"> • Travellers must present themselves at a customs office on arrival in Canada to provide information about themselves and their goods. They are all subject to the same interview process, regardless of their circumstances or risk (citizenship and requirements for immigration services). • Travellers must make individual written declarations. • Faster customs clearance using an automated kiosk is available to permit-holders at Vancouver International Airport. • The permit program at Vancouver International Airport is limited to customs and immigration processes. • The permit program is available only to permanent residents of Canada and the United States. 	<ul style="list-style-type: none"> • Based on advance information from a number of sources, including air carriers and travel agents, many low-risk travellers would be cleared prior to arrival and would not require an interview. Other travellers will be processed based on predetermined risk criteria, such as point of origin. The degree and nature of the inspection will vary with the level of risk. • Families will be able to make a single written declaration. • A national program will offer travellers faster customs clearance using automated kiosks at major Canadian airports. • Collaborative arrangements with airport authorities would offer travellers a gate to curbside service by integrating inspection processes with airport services, such as expedited baggage handling, car rentals, and hotel reservations. • Participation would be expanded to include residents of other countries.

Business Elements	Today	Five Years from Now
MAJOR AIRPORTS Report and Release (cont'd)	<ul style="list-style-type: none"> • A limited test at Vancouver International Airport allows travellers who are in transit in Canada to proceed directly to United States Customs Service and United States Immigration and Naturalization Services. 	<ul style="list-style-type: none"> • Travellers arriving at major Canadian airports who are in transit to the United States may be able to proceed directly to United States Customs Service and United States Immigration and Naturalization Services without reporting to a Canadian customs officer.
MAJOR AIRPORTS Compliance Verification	<ul style="list-style-type: none"> • Traveller identity is confirmed through a review of travel documents (e.g., passports, visas, Traveller Declaration Cards). • A traveller's compliance record and travel history have a limited impact on the frequency of examinations. • Examination of travellers' baggage is generally based on random selection and customs officers' observations. • Permit-holders, whose baggage is selected for inspection, must wait at the carousel for their baggage before reporting to the examination area. 	<ul style="list-style-type: none"> • Expanded use of technology, such as hand geometry and facial recognition will provide reliable, alternative means of identifying travellers. • A good compliance history will be considered in a pre-arrival risk assessment and will have a positive impact on the frequency of examinations. • With the use of advanced passenger information, pre-arrival risk assessment will be the predominant means for selecting travellers' baggage for examination. • Permit-holders selected for baggage inspection will have their checked baggage transferred directly to the examination area on a priority basis.

Business Elements	Today	Five Years from Now
<p>MAJOR AIRPORTS</p> <p>Compliance Verification (cont'd)</p>	<ul style="list-style-type: none"> • Travellers are required to undergo baggage examination processes which are manual, inconvenient, and require significant effort by travellers to unpack and present belongings. • Revenue Canada works in partnership with other enforcement agencies, such as police forces, in developing measures to combat illegal activities. • Examinations on behalf of OGDs, such as Agri-Food and Agriculture Canada, frequently require that goods be detained until an inspector from the responsible agency arrives. • Customs officers are designated as peace officers under the <i>Criminal Code</i> and can enforce only customs and excise legislation. 	<ul style="list-style-type: none"> • Greater use of technological tools, such as scanners and x-ray equipment, will result in baggage examinations which are less intrusive, quicker, and more effective at detecting contraband. These will require less effort by travellers to unpack and repack their baggage. • Revenue Canada will broaden its partnerships to include industry and other government agencies to develop initiatives aimed at combating illegal activities. • Customs officers would perform a greater percentage of these examinations. Other examinations would be conducted immediately by experts from other agencies using video technology. • The scope of customs officers' powers would be expanded to include the power of arrest and detention for specific provisions under the <i>Criminal Code</i>, such as impaired driving, abduction, possession of stolen property, and outstanding warrants.

Business Elements	Today	Five Years from Now
LAND BORDERS Report and Release	<ul style="list-style-type: none"> • Travellers provide all information on themselves and their goods at the first point of arrival. • Travellers must present themselves to customs on arrival in Canada and are all subject to the same interview process, regardless of their circumstances or risk. • Permits are valid only at some locations, based on individual CANPASS program membership. • Permit programs for Canada and the United States are separate and distinct. • There are dedicated express lanes for permit-holders at five sites. • Many low-volume sites have limited hours of service. • Canada and the United States operate separate border facilities on their respective sides of the border. 	<ul style="list-style-type: none"> • Traveller information would be available in advance from various sources and by individual enrolment in permit programs. • Low-risk travellers who are part of a pre-approved permit program will not usually require an interview. Other travellers will be processed according to their profiles. The degree and nature of inspection will vary with the level of risk. • Permits will be valid at all participating Canadian locations. • The Canadian and American programs may be harmonized to provide participants with a single application and reporting process. • Express lanes will be expanded to include other high-volume sites. • Service would be expanded to 24 hours a day through permits and technology, such as interactive video, swipe cards, and licence plate readers. • Canada and the United States would share facilities and equipment at many border locations, including common examination warehouses, meeting and training rooms, and contra-band detection equipment.

Business Elements	Today	Five Years from Now
LAND BORDERS Report and Release (cont'd)	<ul style="list-style-type: none"> • Snowmobile operators are required to report at a designated customs office during normal business hours. 	<ul style="list-style-type: none"> • A joint Canadian and American program would allow snowmobile operators to cross the border using designated trails and would also provide for joint monitoring.
LAND BORDERS Compliance Verification	<ul style="list-style-type: none"> • A traveller's compliance record and travel history have a limited impact on the frequency of examinations. • A significant portion of vehicle examinations are based on random selection and on customs officers' observations. • One customs officer monitors each lane. • Travellers must undergo vehicle examination processes which are manual, inconvenient, and time-consuming. These require significant effort by travellers to unpack and present belongings. 	<ul style="list-style-type: none"> • A good compliance history will be considered in a pre-arrival risk assessment and will have a positive impact on the frequency of examinations. • The use of advanced passenger information and improved targeting would be the predominant means for selecting travellers for vehicle examination. • At certain sites, some customs officers would monitor activity in multiple lanes. At other locations, officers may do remote monitoring from a central location. Technology such as transponder and interactive video would assist the officers. • Greater use of technological tools (e.g., scanners, x-rays) will result in vehicle examinations which are less intrusive, quicker, and more effective at detecting contraband. These will require less effort by travellers to unpack and repack their vehicles.

Business Elements	Today	Five Years from Now
LAND BORDERS Compliance Verification (cont'd)	<ul style="list-style-type: none"> • Canada and the United States are developing a program of joint risk assessments and have agreed to the exchange of information on detection technology. • Customs officers are designated as peace officers under the <i>Criminal Code</i> and can enforce only provisions of customs and excise legislation. 	<ul style="list-style-type: none"> • Canada and the United States will cooperate more closely on the development of joint programs for small volume crossings through coordinated monitoring activities and the eventual establishment of joint monitoring teams. • The scope of customs officers' powers would be extended to include other provisions under the <i>Criminal Code</i>, such as impaired driving, abduction, possession of stolen property, and outstanding warrants.
MARINE — PRIVATE BOATS Report and Release	<ul style="list-style-type: none"> • Boaters must telephone Revenue Canada upon each arrival in Canada to provide information on themselves, their passengers, their vessels, and their goods. • Permit programs for Canada and the United States are separate and distinct. • Only immediate family members and dependents can be registered on a single permit. 	<ul style="list-style-type: none"> • A national permit program would require boaters to report to Revenue Canada only when they have goods to declare or persons to report. • The Canadian and American permit programs may be harmonized to provide boaters with a single application and reporting process. • Non-family members will be included on a single permit.

Business Elements	Today	Five Years from Now
MARINE —PRIVATE BOATS Compliance Verification	<ul style="list-style-type: none"> Boaters' individual compliance history has a limited impact on the frequency of examinations. A customs marine patrol operates in one district. 	<ul style="list-style-type: none"> A good compliance history will have a positive impact on the frequency of examinations. Legislative changes will allow customs officers to stop and inspect vessels entering Canadian waters. This will facilitate the entry of recreational boaters and support joint Canadian and American marine patrols monitoring other waterways.
PRIVATE AIRCRAFT Report and Release	<ul style="list-style-type: none"> Pilots must telephone Revenue Canada prior to and upon arrival to provide information on themselves, their passengers, their aircraft, and their goods. Corporate clients must obtain a permit for each employee. Corporate permit-holders carrying non-permit passengers must land at an airport of entry during normal hours of service. Canada and the United States manage separate and distinct permit programs. 	<ul style="list-style-type: none"> A national permit program will require pilots to report to Revenue Canada only when they have goods to declare or persons to report. Corporate clients will be able to register their employees on a single permit. Corporate permit-holders would be allowed to transport occasional non-permit passengers subject to en-route screening. Such flights would be able to land at authorized airports at any time. The Canadian and American programs may be harmonized to provide participants with a single application and reporting process.

Business Elements	Today	Five Years from Now
<p>PRIVATE AIRCRAFT</p> <p>Compliance Verification</p>	<ul style="list-style-type: none"> • Traveller selection for verification is based on random selection and compliance history has a limited impact. • Verification of compliance with reporting requirements is conducted through on-site inspections. 	<ul style="list-style-type: none"> • With complete and accurate advance information, verifications will be based on risk. • Verification of compliance with reporting requirements would be achieved through data matching of aircraft arrivals with NAV CAN flight plans and on-site inspection.
<p>ALL MODES</p> <p>Compliance Verification — Client Education</p>	<ul style="list-style-type: none"> • Revenue Canada explains its processes and requirements to travellers using pamphlets, guides, forms, and an automated telephone information system. • Revenue Canada does little to market its permit programs. • Revenue Canada publishes service standards to inform travellers about how long they may expect to wait for customs service. 	<ul style="list-style-type: none"> • Revenue Canada will provide a wider range of traveller information to promote voluntary compliance, using diverse methods including: automated systems, Internet, guides, brochures, news releases, memoranda, forums, and customs participation at seminars and trade shows. • Revenue Canada will aggressively market and promote its services and permit programs through direct mailings, more prominent and accessible registration kiosks, and joint initiatives with the private sector, such as airport authorities and land border facilities operators. • Revenue Canada will, on an annual basis, report publicly on its performance against service standards for every site in Canada.

Business Elements	Today	Five Years from Now
ALL MODES Assessment	<ul style="list-style-type: none"> • Travellers are required to line up at a cash to pay for duty and tax. • Payment is accepted by means of cash, cheque, or credit card. 	<ul style="list-style-type: none"> • Travellers will be able to determine applicable duty and tax owing and can pay by using an automated kiosk or by manually completing a declaration for later payment. • Payment will also be accepted by means of debit cards.
ALL MODES Sanctions	<ul style="list-style-type: none"> • Sanctions under the <i>Customs Act</i> rely heavily on seizure (civil penalty) with less emphasis on warnings, withdrawal of privileges, and criminal prosecutions. Sanctions currently recognize, to a limited extent, the traveller's compliance record or other mitigating or aggravating circumstances. • Civil penalties are limited in scope and not necessarily appropriate in all circumstances. 	<ul style="list-style-type: none"> • The Department will implement an Administrative Monetary Penalty System (AMPS), which will take into consideration the traveller's compliance record and other mitigating and aggravating circumstances. For low-value infractions, a revised warning program will be implemented. Seizure and prosecution will be reserved for more serious violations, such as the smuggling of contraband and high-risk goods. • AMPS will provide for a complete range of penalties more directly related to the frequency and severity of the infractions.
ALL MODES Redress — Sanctions Disputes	<ul style="list-style-type: none"> • Civil proceedings arising from a physical seizure, ascertained forfeiture, or civil penalties are addressed by an adjudicator under a formal appeal process. There is no other comprehensive customs procedure for the review of minor civil penalties. 	<ul style="list-style-type: none"> • The Department will implement an internal administrative correction process to complement the independent and formal appeal process.

Business Elements	Today	Five Years from Now
ALL MODES Redress— Sanctions Disputes (cont'd)	<ul style="list-style-type: none"> • For parties with an interest in seized goods, such as rental car companies, protection of their interest requires action to the Federal Court or Provincial Court. • Where civil penalties are assessed via departmental processes, further appeal is made to the Federal Court. 	<ul style="list-style-type: none"> • As a first step, third-party interests will be addressed through departmental processes and not initially through a court of law. • For all sanctions, further appeal will be made to a court of law.
ALL MODES Redress— Criminal	<ul style="list-style-type: none"> • In the case of criminal prosecution, the merits of a case are considered by a court of law of competent jurisdiction, and recourse to appeal is by way of application to a higher court of law. 	<ul style="list-style-type: none"> • In the case of criminal prosecution, the merits of a case will continue to be considered by a court of law of competent jurisdiction, and recourse to appeal will be by way of application to a higher court of law.

Travellers

Initiatives

CLIENT SERVICE

Automated Customs Information Service (ACIS) Re-engineering

Upgrading technology to improve customer service and provide a more cost-effective program for telephone inquiries.

REPORT

Joint Traveller Declaration

Allowing families to complete one joint traveller declaration instead of a declaration for each family member.

Expedited Passenger Processing

Allowing for pre-approved travellers at international airports to report their arrival in Canada and to pay any applicable duty and tax at an automated kiosk. This way, they will benefit from quicker airport services.

CANPASS Seasonal Reporting

Allowing participants in certain CANPASS programs—air, boat, snowmobile—to report once per season.

Dedicated Commuter Lanes

Allowing pre-approved travellers to enter Canada via the exclusive use of dedicated commuter lanes at land border locations.

Integrated Canadian and American Programs

Developing a joint permit program for boats and aircraft with the United States with one application, one approval process, and a simplified reporting procedure.

Streamlined Reporting for Corporate Clients

Allowing private aircraft corporate clients to register their employees on a single permit and to transport non-permit-holders in certain circumstances.

Travellers

Initiatives

REPORT (cont'd)

In-Transit Pre-Clearance

Allowing travellers who are in transit in Canada to proceed directly to United States Customs Service and United States Immigration and Naturalization Services.

Advance Passenger Information

Allowing for increased streamlining of travellers and pre-arrival risk assessment.

RELEASE

Increase Small Communities' Accessibility

Expanding the hours of service at some small and low-volume locations through the application of new technology and permit programs.

COMPLIANCE VERIFICATION

Customs Officers' Powers

Implementing expanded customs officers' powers to include provisions under the *Criminal Code*.

Firearms

In accordance with firearms legislation, we will design and develop policies, procedures and systems to allow residents and non-residents to comply with import and export requirements.

Contraband Targeting Program

Developing a National Contraband Targeting Program for highway and rail passengers.

Developing a program to use advance passenger information to support pre-arrival air traveller targeting.

Contact:

**Director
Business Strategies and Direction
Program Strategy Directorate
Customs and Trade Administration Branch
Revenue Canada
Ottawa, Ontario K1A 0L5**

Telephone No.: (613) 941-9432

FAX No.: (613) 941-2378

E-Mail: blueprint@ms.rc.gc.ca

Fact Sheet

THE CUSTOMS AND TRADE ADMINISTRATION BLUEPRINT

COMMITMENTS TO TRADERS

Improving service, ensuring that business and travellers play by the rules, intensifying efforts to stop illegal activity as well as threats to health and safety, and promoting certainty and consistency for exporters and for Canadians travelling abroad: these commitments to traders are the cornerstone of the *Customs and Trade Administration Blueprint: A Discussion Paper*. We propose to fulfill these commitments through improvements in the following areas:

Providing consistent and accessible service

- Services will be offered to business in their home region rather than where the goods enter the country.
- Outreach programs tailored to importers' needs will ensure that they derive maximum benefit from free trade agreements.
- The use of the Business Number could be expanded to allow importers to include programs of other government departments.

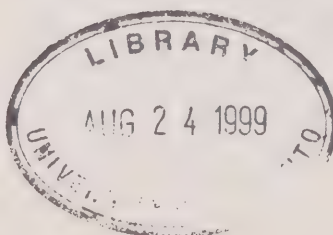
Using electronic commerce and Internet technology

- Electronic transmission with large business will be expanded to include exports and transportation data, as well as permit, certificate, and licence data.
- Small businesses will be given a choice between electronic or manual transmission.
- Information will be submitted electronically before goods enter the country in order to speed up clearance.
- Up-to-date information will be available on the Internet.

Providing a single window of service

- We will work with other government departments to enhance single-window service for trade-related requirements.
- Canada will continue to encourage customs organizations around the world to harmonize and simplify import requirements and processes to provide more certainty to Canadian exporters.

.../2



Measuring high-risk and low-risk

- Information will be required prior to the goods reaching the border so the risk of contraband can be determined.
- Truck drivers will be registered for identification and risk-assessment purposes.
- Higher-risk shipments will be examined more frequently.

Instituting graduated penalties that fit the infraction

- We will continue to improve our penalty system so sanctions are graduated to better fit the frequency and seriousness of the infraction.

Improve the appeals process

- A simplified appeals process that will allow us to correct mistakes more quickly will be implemented. We will retain the current formal appeals process to use when appropriate.

Fact Sheet

THE CUSTOMS AND TRADE ADMINISTRATION BLUEPRINT

COMMITMENTS TO TRAVELLERS

Improving service, ensuring that business and travellers play by the rules, intensifying efforts to stop illegal activity as well as threats to health and safety, and promoting certainty and consistency for exporters and for Canadians travelling abroad: these commitments to travellers are the cornerstone of the *Customs and Trade Administration Blueprint: A Discussion Paper*. We propose to fulfill these commitments through improvements in the following areas:

Providing consistent and accessible service

- Commercial carriers would provide passenger information in order to clear low-risk travellers more quickly.
- More use will be made of pre-approved travellers programs such as dedicated commuter lanes and once-a-season reporting.
- A national client profile of frequent travellers will help focus interviews and examinations.
- A variety of payment options, such as credit and debit cards, will be available.
- We will work with airport authorities to integrate our services with those of other service providers such as baggage handlers, car rental companies, and hotels.

Using electronic and Internet technology

- The use of a variety of technologies such as biometrics, licence plate readers, and two-way video will help travellers clear customs more quickly.
- There will be automated kiosks for payment of duty and tax.
- Up-to-date information will be put on the Internet.

Providing single-window service

- We will work with other government departments to enhance single-window service for traveller-related requirements.
- Co-operation with the United States would allow for a single enrolment for permit holders or travellers who frequently cross the Canada-U.S. border.



.../2



Measuring high-risk and low-risk

- Co-operation with domestic and international law enforcement agencies will help identify high-risk travellers and dangerous or illicit goods before they arrive.
- Higher-risk travellers will be examined more frequently.
- The powers of customs officers will be expanded under the *Criminal Code* to detain and arrest travellers for such offences as impaired driving and child abduction.

Instituting graduated penalties that fit the infraction

- We will continue to improve our penalty system so sanctions can be graduated to better fit the frequency and seriousness of the infraction.

Improving the appeals process

- A simplified appeals process that will allow us to correct mistakes more quickly will be implemented. We will retain the current formal appeals process to use when appropriate.

Fact Sheet

THE CUSTOMS AND TRADE ADMINISTRATION BLUEPRINT

NEXT STEPS: THE CONSULTATION PROCESS

With the launch of the *Customs and Trade Administration Blueprint: A Discussion Paper*, Revenue Canada will spend the next few months consulting with businesses, travellers, and employees across Canada. The Department will be asking those with an interest in the customs program what the program's priorities should be.

The launch of the *Blueprint* follows a number of years of re-engineering done in close co-operation with national importing and exporting organizations, the tourism industry, other government departments, broker and carrier associations, and law enforcement agencies. This re-engineering has resulted in many service enhancements for business and travellers, as well as enhanced protection for Canadians against threats to their health and safety.

Blueprint consultations will complement consultations currently underway on brokers licencing, sufferance warehouse re-engineering, duty-free shops and carrier re-engineering.

In addition to broad consultations, Revenue Minister Herb Dhaliwal will receive feedback directly from *The Minister's Consultative Committee*, established specifically for the *Blueprint*. This group is made up of a number of CEOs and officials from industry, service providers, unions, enforcement agencies, and associations.

Once the consultation process has been completed, Revenue Canada will release an action plan for the next five years.

Every opportunity to obtain feedback on the *Blueprint* will be used.



To obtain a copy of the Blueprint, please contact:

Revenue Canada
Customs and Trade Administration Branch
Program Strategy Directorate
Tel.: (613) 941-9432
Fax: (613) 941-2378

You can send your comments by mail to:

Revenue Canada
Customs and Trade Administration Branch
Program Strategy Directorate
Connaught Building
555 McKenzie Avenue
4th Floor
Ottawa, ON
K1A 0L5

You can also provide your comments on the Customs and Trade Administration Blueprint by email at:

blueprint @ ms.rc.gc.ca

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Customs 2000 Report Card

In 1990, Revenue Canada published *Customs 2000: A Blueprint for the Future*. This document set out our vision of how our customs programs would operate into the next century.

Today, as we launch a new consultative process designed to chart our course beyond 2000, it is important that we assess our progress since 1990. This will help us build on our successes and ensure that we incorporate those Customs 2000 initiatives not yet delivered into our planning for the future.

Throughout the 1990s, we developed and tested groundbreaking initiatives and received international recognition

for being on the leading edge of customs modernization. Even though we were venturing into uncharted territory, we accomplished a great deal to meet the direction and priorities embodied in the Customs 2000 paper.

However, we have not accomplished everything we set out to do. International agreements, changing priorities, budget constraints, and year 2000 issues have all contributed to the rethinking or delay of concepts and initiatives.

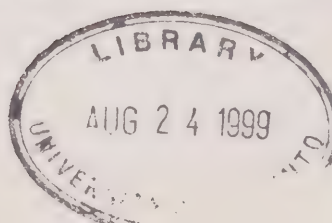
The following chart outlines the significant achievements to date and the initiatives that remain unfinished and must be factored into our future plans.

Initiatives	Implemented	Unfinished Business
Commercial – Report and Release <i>Electronic Data Interchange for cargo, release, and invoice data</i>	<i>Cargo – marine (1990), rail (1991), release (1996), invoice data (1996)</i>	<i>Cargo – highway, air, freight, forwarders Release – expand EDI use</i>
<i>Line release</i>	<i>PARS (1991), FIRST (1991), automotive ASN (1994), machine release (1997)</i>	<i>Expand the use of machine release</i>
<i>Single window for all OGD requirements</i>	<i>Phased implementation began in 1996, EXCAPS (1996), CFIA (1997), Transport (1998), Natural Resources (1998)</i>	<i>Phased roll-out of remaining OGDs over the next 3-5 years</i>
Commercial – Accounting <i>Integrated accounts receivables</i>		<i>Still in the planning and conceptual design stage</i>
<i>Electronic funds transfer</i>	<i>Periodic payments (1992)</i>	<i>With the implementation of periodic payment in 1992, the priority for EFT dropped significantly</i>
<i>Periodic audit</i>	<i>Periodic verification (1995)</i>	<i>Still being rolled out in phases</i>
Commercial – Adjustments <i>Electronic Data Interchange for adjustments</i>		<i>Still an outstanding requirement</i>
Travellers <i>Low-risk travellers processing</i>	<i>CANPASS (1991) highway, air, marine</i>	
<i>Prearrival processing of air passengers</i>		<i>Still an outstanding requirement</i>
<i>Simplified process for collection of duties and taxes</i>	<i>TEPS (1990)</i>	
<i>Basket tariff items</i>	<i>CANPASS (1997)</i>	
<i>Automated administrative support systems</i>	<i>COSS (1992)</i>	
Enforcement <i>Risk Management System</i>	<i>Travellers stints (1991), commercial stints (1995), contraband intelligence analyses (1992)</i>	
<i>Automated enforcement system</i>	<i>ICES (1996), PALS (1991)</i>	
<i>Flexible response teams</i>	<i>FRTs (1992)</i>	
<i>Centralized examinations facilities</i>	<i>DCOs (1994) Marine Centre of Expertise (1995)</i>	
<i>New penalty structure</i>		<i>Still in the planning and conceptual design phase (AMPS)</i>
<i>Enhanced technology</i>	<i>X-Ray system (ongoing through 1990s), Ionscan (1993), contraband detection kits (1991)</i>	



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BLUEPRINT RESPONSE FORM

This package contains response forms for:

LARGE COMMERCIAL BUSINESS

SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs)

EXPORTERS

TRAVELLERS

Name:
Address:
Association:
Contact:
Phone:
Fax:

*This response form should be completed in conjunction with the Customs and Administration Blueprint:
A Discussion Paper and the two companion documents: the Travellers Workbook and the Traders
Workbook. These documents provide details related to the commitments, design features and initiatives.*

INSTRUCTIONS FOR BLUEPRINT RESPONSE FORM**Purpose**

The results of this response form will be compiled to:

1. Confirm that the design features will meet the Blueprint's commitments.
2. Confirm the direction and priority of the design features.
3. Determine the initiatives and work that will achieve the design features.

The completion of this response form is a critical factor in our effort to define the path for the future of the customs and trade administration program. We appreciate you taking the time to consider the questions carefully. Ultimately, the input compiled from these questions will help to lay out an action plan that will guide our investment and decision making over the next 5 years.

The response form should be completed in conjunction with the Customs and Administration Blueprint: A Discussion Paper and the two companion documents: the Travellers Workbook and the Traders Workbook.

These three documents provide details related to the commitments, design features and initiatives.

Completing the response form

For each design feature, indicate:

- a) whether you agree with the intent. If you do not agree, please explain why.
- b) constructive input on how you believe it could be improved;
- c) the priority you would assign to each design feature as follows:

Priority

- High: Critical—must be done now
Medium: Should be done but requires lead time
Low: Beneficial, but not an immediate need

- d) the initiatives that you feel are necessary to achieve your priorities, using the list in the workbook and adding any new work that you believe is necessary to achieve the design feature.

You are invited to provide further information, if you choose.

Mail to:

**Program Strategy Division
Customs and Trade
Administration Branch
Revenue Canada
4th Floor, Connaught Bldg.
555 MacKenzie Avenue
Ottawa, ON K1A 0N5**

Fax to:

**Customs and Trade
Administration Blueprint
(613) 941-2378**

E-Mail to:

Blueprint@ms.rc.gc.ca

LARGE COMMERCIAL BUSINESS RESPONSE FORM

Client Service

1. Move from providing general client services to also providing tailored services which will help importers improve compliance and maximize the benefits of trade agreements.

a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

b) What would you suggest as an alternative? _____

c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any

d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

Report and Release

2. Move from a paper-based to a mandatory electronic environment.

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

- b) What would you suggest as an alternative? _____

- c) What priority would you assign? High ☐ Medium ☐ Low ☐

Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

3. Move from interviewing drivers to a pre-registration system, with crew members identified electronically.

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

b) What would you suggest as an alternative? _____

c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

4. *Move from accepting minimal data to requiring mandatory, pre-arrival data to permit targeting of shipments for contraband and for health and safety reasons at first point of arrival.*

a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐
If you do not agree, explain why _____

b) What would you suggest as an alternative? _____

c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

5. Move from domestic data requirements and processes to international standardized data and processes.

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

- b) What would you suggest as an alternative? _____

- c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

Assessment

6. *Move from using Revenue Canada’s inventory control systems to allowing approved members of the trade community to file trade data from their business systems.*

a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

b) What would you suggest as an alternative? _____

c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

7. *Move from an account security-based system to a single client account based on the Business Number.*

a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

b) What would you suggest as an alternative? _____

- c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

Compliance Verification

8. *Move from multiple service centres to centralized services in the Home Region where the company's head office is located.*

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

- b) What would you suggest as an alternative? _____

- c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

9. Continue to move from transactional reviews to comprehensive periodic verifications.

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

- b) What would you suggest as an alternative? _____

- c) What priority would you assign? High ☐ Medium ☐ Low ☐

Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

10. Move from relying only on random and transactional selections and on customs officers' intuition to relying on a comprehensive risk management program.

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

b) What would you suggest as an alternative? _____

c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

Sanctions

11. Move from the current seizure and ascertained forfeiture approach to one of seizure and administrative monetary penalties. This will enable sanctions to match the severity of the infractions or non-compliance.

a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

b) What would you suggest as an alternative? _____

c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

Redress

12. Move from a limited informal review process to an internal administrative correction process to complement the independent and formal appeal process.

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

- b) What would you suggest as an alternative? _____

- c) What priority would you assign? High ☐ Medium ☐ Low ☐

Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

General Comments:

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

SMALL AND MEDIUM-SIZED ENTERPRISES (SME) RESPONSE FORM

Client Service

1. Move from providing general client services to also providing tailored services to help small and medium-sized importers improve compliance and maximize the benefits of trade agreements.

a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

b) What would you suggest as an alternative? _____

c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

Release

2. *Move from accepting minimal data to requiring sufficient data to permit targeting of shipments at the first point of arrival.*

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

- b) What would you suggest as an alternative? _____

- c) What priority would you assign? High ☐ Medium ☐ Low ☐

Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

3. *Move from domestic requirements and processes to international standardized data and processes.*

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

b) What would you suggest as an alternative? _____

c) What priority would you assign? High ☐ Medium ☐ Low ☐

Comments, if any:

d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

Assessment

4. Move from paper based services to providing SMEs with access to a range of low-cost electronic service options.

a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

b) What would you suggest as an alternative? _____

c) What priority would you assign? High ☐ Medium ☐ Low ☐

Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

5. Move from limited payment options to a broader range of payment options.

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

- b) What would you suggest as an alternative? _____

- c) What priority would you assign? High ☐ Medium ☐ Low ☐

Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

Compliance Verification

6. Move from limited client assistance and information to providing SMEs with access to a wider range of targeted electronic information and consistent client-oriented service.

a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

b) What would you suggest as an alternative? _____

c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

7. Move from multiple regional contacts to the option of a Home Region to provide the SME with tailored client assistance.

a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

b) What would you suggest as an alternative? _____

c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

8. *Move from relying on random and transactional selections and customs officers' intuition to a comprehensive risk management program.*

a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐
If you do not agree, explain why _____

b) What would you suggest as an alternative? _____

c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

Sanctions

9. Move from the current seizure and ascertained forfeiture approach to one of seizure and administrative monetary penalties. This will enable sanctions to match the severity of the infractions or non-compliance.

a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

b) What would you suggest as an alternative? _____

c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

Redress

10. Move from a limited informal review process to an internal administrative correction process to complement the independent and formal appeals process.

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

- b) What would you suggest as an alternative? _____

- c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

General Comments:

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EXPORTERS RESPONSE FORM

Client Service

1. *Move from providing general client services to also providing tailored educational outreach program.*

a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

b) What would you suggest as an alternative? _____

c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

2. *Continue to work within international organizations to promote standard customs procedures and to advance Canadian exporter interests.*

a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

- b)
 What would you suggest as an alternative?
- c)
 What priority would you assign?
 High
 ☐
 Medium
 ☐
 Low
 ☐
 Comments, if any:
- d)
 What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

Report and Release

3. Move from a paper-based to a mandatory electronic environment.

- a)
 Do you agree with the intent of this Design Feature?
 Yes
 ☐
 No
 ☐
 If you do not agree, explain why
- b)
 What would you suggest as an alternative?

- c) What priority would you assign? High ☐ Medium ☐ Low ☐

Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

4. Move from accepting minimal information to requiring sufficient data to permit targeting and risk assessment, prior to the exportation of goods.

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

- b) What would you suggest as an alternative? _____

- c) What priority would you assign? High ☐ Medium ☐ Low ☐

Comments, if any:

d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

5. *Move from domestic data requirements to a harmonized international set of data elements to streamline the export of commercial goods, beginning with the G7 and APEC trading partners.*

a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

b) What would you suggest as an alternative? _____

c) What priority would you assign? High ☐ Medium ☐ Low ☐

Comments, if any:

d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

Compliance Verification

6. *Expand work with other customs administrations, OGDs and other levels of government to enhance compliance verification.*

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

- b) What would you suggest as an alternative? _____

- c) What priority would you assign? High ☐ Medium ☐ Low ☐

Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

7. *Conduct compliance verification using risk assessment based on electronic profiles, compliance histories, and export data.*

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

b) What would you suggest as an alternative? _____

c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

8. Establish a coordinated import/export examination program under the Canada/United States of America Accord on Our Shared Border and the Heads of Customs Conference (HCC), where customs administrations review the other country's export requirements at the time of import into their own country to help control the export of goods. The customs administrations would share results.

a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

b) What would you suggest as an alternative? _____

- c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

9. Renegotiate the Memorandum of Understanding (MOU) with Statistics Canada, U.S. Customs Service, and U.S. Bureau of Census to access all export information, including in-transit information, to facilitate compliance verification.

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

- b) What would you suggest as an alternative? _____

- c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

Sanctions

10. Move from the current seizure and ascertained forfeiture approach to one of seizure and administrative monetary penalties. This will enable sanctions to match the severity of the infractions or non-compliance.

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

- b) What would you suggest as an alternative? _____

- c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

Redress

11. Move from a limited informal review process to an internal administrative correction process to complement the independent and formal appeal process.

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

- b) What would you suggest as an alternative? _____

- c) What priority would you assign? High ☐ Medium ☐ Low ☐

Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

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TRAVELLERS RESPONSE FORM

Client Service

1. Move from providing general client service to also providing tailor-made services for travellers based on the level of risk, e.g., point of origin, mode of arrival, traveller profile.

a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

b) What would you suggest as an alternative? _____

c) What priority would you assign? High ☐ Medium ☐ Low ☐
 Comments, if any:

d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

2. *Move from limited traveller information programs to tailored information and educational programs based on the needs of identified client groups.*

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

- b) What would you suggest as an alternative? _____

- c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

3. *Move from consultative processes to collaborative arrangements with government and industry.*

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

b) What would you suggest as an alternative? _____

c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

d) What current initiative or other work do you believe is critical to achieving this Design Feature?

4. Move from modest cooperative efforts with the United States to full joint development and delivery of common programs, including single enrollment for all permit-holders.

a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

b) What would you suggest as an alternative? _____

c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

Report and Release

5. *Move from interviewing travellers at the first point of arrival to using advance information to determine admissibility before arrival for many low-risk travellers.*

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

- b) What would you suggest as an alternative? _____

- c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

6. Move to more flexible inspection processes that are integrated with services offered by other government departments (OGDs) and private industry.

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

- b) What would you suggest as an alternative? _____

- c) What priority would you assign? High ☐ Medium ☐ Low ☐

Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

Assessment

7. Move from manual processes for identity verification and payment of duty and tax to fully automated, self-service options.

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

- b) What would you suggest as an alternative? _____

- c) What priority would you assign? High ☐ Medium ☐ Low ☐
Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

Compliance Verification

8. Move from managing risk by random sampling and officer referral to using a broader range of information and new technology which would identify high-risk travellers, predict and detect non-compliance, and bridge enforcement gaps.

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐
If you do not agree, explain why _____

- b) What would you suggest as an alternative? _____

- c) What priority would you assign? High ☐ Medium ☐ Low ☐

Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

Sanctions

- 9. Move from the current seizure and ascertained forfeiture approach to one of seizure and administrative monetary penalties. This will enable sanctions to match the severity of the infractions or non-compliance.***

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

- b) What would you suggest as an alternative? _____

- c) What priority would you assign? High ☐ Medium ☐ Low ☐

Comments, if any:

- d) What initiative(s) from the workbooks or other work, if any, do you believe are critical to achieve this Design Feature?

Redress

10. Move from a limited informal review process to an internal administrative correction process to complement the independent and formal appeals process.

- a) Do you agree with the intent of this Design Feature? Yes ☐ No ☐

If you do not agree, explain why _____

- b) What would you suggest as an alternative? _____

- c) What priority would you assign? High ☐ Medium ☐ Low ☐

Comments, if any:

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Any suggestions, comments or ideas that you have are welcome. For example, there may be other design features necessary to achieve our commitments that are missing and should be considered.

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